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SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

Jennifer B. McCoy, Circuit Court Judge

Case No. 2017-CP-10-00838
Appellate Case No. 2020-001210

Jacque Lucas, Shirley Ann Lucas,
and Daniel Simerly,

Appellants,

v.

KapStone Paper and Packaging
Corporation, KapStone Kraft Paper
Corporation, Safway Group
Holdings, LLC, Easy Way Insulation
Co., Sypris Technologies, Inc. f/k/a
Tube-Turns Technologies Inc.,
Thompson Construction Group, Inc.,
and Thompson Industrial Services,
LLC, Defendants,

Defendants,

Of which

KapStone Paper and Packaging
Corporation and KapStone Kraft
Paper Corporation are

Respondents.

**RECORD ON APPEAL
VOLUME III**

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APPENDIX A

Appendix A to the KapStone Defendants' Reply
To the Plaintiffs' Response to the KapStone Defendant's Motion to Dismiss

The following list identifies documents in the record that are relevant as to each listed factor in *Poch v. Bayshore*, 405 S.C. 359, 747 S.E.2d 757 (2013).

(1) Did the two businesses maintain separate corporate identities?

- Shared “KapStone” Trademark on internal and external documents
 - KapStone Charleston Hiring Letter to Lucas with “KapStone” Trademark Letterhead, KAPSTONE-000344
 - KapStone Paper Hiring Letter to Simerly with “KapStone” Trademark Letterhead KAPSTONE-000345-346
 - KapStone Charleston “Job Description” with “KapStone” Trademark Letterhead, KAPSTONE-000376-383
 - KapStone Employee Benefits Package for all employees with “KapStone” Trademark, KAPSTONE-000403—406
 - KapStone Paper Employee Handbook with “KapStone” Trademark, KAPSTONE-000414-427
 - KapStone shared IT policy with “KapStone” Trademark, KAPSTONE-000428
 - KapStone Paper “KapStone” Trademark Acknowledgement from U.S. Patent and Trademark Office, KAPSTONE-000431-432
 - “KapStone” Trademark registration with U.S. Patent and Trademark Office, KAPSTONE-000758-762
- Shared “KapStone” website, KAPSTONE-000758-762.
- Shared corporate policies
 - Various shared corporate policies, implemented by KapStone Paper, applicable to KapStone Charleston and KapStone Kraft, KAPSTONE-1896-2122.

(2) Did the two businesses maintain separate Boards of Directors?

- List of KapStone entities’ Directors and Officers, as of May 2016, KAPSTONE-001184-1187.
- Oak Acquisition LLC (KapStone Charleston) Operating Agreement, KAPSTONE-000273-287, at 275-76.

(3) Did the two businesses transact business from different locations under different managers?

- KapStone Paper 2016 10-K, listing corporate headquarters for all entities as 1101 Skokie Blvd., Northbrook, IL., KAPSTONE-000002-134, at 12.
- KapStone Paper Employees at KapStone Charleston, May 2016 (redacted), KAPSTONE-001188.
- KapStone Kraft Employees at KapStone Charleston, May 2016 (redacted), KAPSTONE-001189.
- KapStone Paper Employees at KapStone Charleston, May 2016 (unredacted), KAPSTONE-002912.
- KapStone Kraft Employees at KapStone Charleston, May 2016 (unredacted),

KAPSTONE-002662-2663.

- KapStone employee list, May 24, 2016, location, pay group, etc., KAPSTONE-002596-2650.
- M. Niehus Dep. 86:3-10 (“[T]here is a centralized group on behalf of our entire mill system [I]t’s the centralized group that determines where the [ordered] product is made.”)
- K. Hulseman Dep. 20:23-21:7; 274:17-278:14 (discussing shared services for KapStone entities, located in the corporate office at 1101 Skokie Blvd., in Northbrook, Illinois)
- Various shared corporate policies governing day-to-day operations, implemented by KapStone Paper, applicable to KapStone Charleston and KapStone Kraft, KAPSTONE-1896-2122.

(4) Did the two businesses hire and pay their own employees?

- Employee Compensation
 - KapStone Paper Record of Payment to ADP, KAPSTONE-000335-337.
 - KapStone Pay Group Listing, KAPSTONE-002510.
 - KapStone Bank Account Structure, KAPSTONE-000339.
 - Lucas W-2, noting Corporate Office as source of pay, KAPSTONE-000718-719.
 - Simerly W-2, noting Corporate Office as source of pay, KAPSTONE-000756-757.
 - Hulseman Dep. 20:23-21:7; 274:11-20 (discussing how KapStone subsidiary employees’ paychecks were funded through ADP, by KapStone Paper’s payroll services located at the corporate office).
- Employee Benefits
 - KapStone employee group health and welfare plan, funded by KapStone Paper, KAPSTONE-000384-402.
 - KapStone employee 401(k) plan, funded by KapStone Paper, KAPSTONE-000403-406.
 - BCBS Invoice to KapStone Paper for Health Insurance policies for all KapStone employees, KAPSTONE-000407-408.
 - Ledger for BCBS health insurance for KapStone employees, funded by KapStone Paper, KAPSTONE-000409-411.
 - KapStone Paper record of payment for health insurance for KapStone employees, KAPSTONE-000412-413.
 - KapStone Paper group health and welfare plan for Charleston Union Employees. KAPSTONE-000997-1116.
 - KapStone Paper Benefit Retirement Plan, KAPSTONE-001117-1143.
 - KapStone Paper 401(k) Plan, KAPSTONE-001144-1174.
 - J. Lucas Benefits Coverage, KAPSTONE-001175-1177.
 - D. Simerly Benefits Coverage, KAPSTONE-001178-1183.
 - Sentry Workers Compensation & Employers Liability Insurance Policy, KAPSTONE-001223-1515; 1516-1617.
 - KapStone Paper Workers Compensation payment schedule, KAPSTONE-001618-1619.
 - J. Lucas Claim Documents, KAPSTONE-000312-315;
 - D. Simerly Claim Documents, KAPSTONE-000316-319.

(5) Did the two corporations hold themselves out to their employees as two separate

identities?

- KapStone Charleston Hiring Letter to Lucas with “KapStone” Letterhead, KAPSTONE-000344
- KapStone Paper Hiring Letter to Simerly with “KapStone” Letterhead KAPSTONE-000345-346
- KapStone Charleston “Job Description” with “KapStone” Letterhead, KAPSTONE-000376-383
- KapStone Employee Benefits Package for all employees, KAPSTONE-000403—406
- KapStone Paper Employee Handbook, KAPSTONE-000414-427
- KapStone shared IT policy, KAPSTONE-000428
- Various shared corporate policies, implemented by KapStone Paper, applicable to KapStone Charleston and KapStone Kraft, KAPSTONE-1896-2122.

(6) Did the two corporations engage in different business activities?

- KapStone 2016 Form 1120, Form 851, Affiliations Schedule, Part II – Principal Business Activity listing KapStone Kraft and KapStone Charleston as “paper manufacturing” subsidiaries, KAPSTONE-001642-1888, at 1662.
- Niehus Dep. p. 57:19-24, describing KapStone Kraft and KapStone Paper as part of the “Mill Division.”
- Niehus Dep. pp. 64:6-7 (“Internally we really look at our entire – what we call our mill system as being one.”).
- Niehus Dep. 86:1-10 (discussing the KapStone-wide centralized purchasing system, whereby customer orders would be directed to the best-suited KapStone mill).
- KapStone Paper 2016 10-K, reporting operating results by two segments: (1) Paper and Packaging; and (2) Distribution, KAPSTONE-000002-134, at 6.
- Several leases by KapStone Paper or KapStone Kraft for \$2.3 million-worth of heavy machinery used at Charleston Mill, 2016, KAPSTONE-003286-3437.

(7) Did the two corporations maintain separate books, bank accounts, and payroll records?

- KapStone Paper Record of Payment to ADP, KAPSTONE-000335-337.
- KapStone Bank Account Structure, KAPSTONE-000339.
- Invoice to KapStone Charleston paid by KapStone Paper, \$70,222.63, KAPSTONE-000349-354.
- KapStone entities’ overlapping 2016 P&L, KAPSTONE-002651-2652.
- KapStone Receivables Purchase Agreement, and amendments, KAPSTONE-002243-2404.
- KapStone Receivables Sale Agreement, and amendments, KAPSTONE-002405-2488.
- Examples of KapStone Paper or KapStone Kraft payments to vendors for KapStone Charleston, KAPSTONE-002123-2193.
- M. Niehus Dep. 83:2-6 (“When customers make payments [to KapStone Charleston] it comes to a lock box under the umbrella of KapStone Paper . . .”).
- K. Hulseman Dep. 288:16-289:14, discussing shared books through KapStone’s integrated

accounting and cash management system, under which all KapStone entities consolidated their financial information.

(8) Did the two corporations file separate tax returns?

- KapStone Paper Consolidated 2016 Federal Tax Return (redacted), KAPSTONE-001642-1888.
- KapStone Paper Consolidated 2016 Federal Tax return (unredacted), KAPSTONE-002664-2910.

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June 11, 2019

VIA FEDERAL EXPRESS

The Honorable Julie J. Armstrong
Charleston County Clerk of Court
100 Broad Street, Suite 106
Charleston, SC 29401-2258

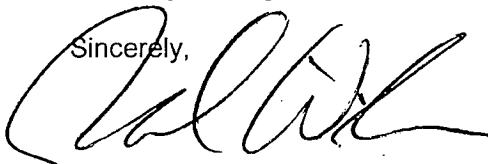
Re: Jacque Lucas, Shirley Ann Lucas and Daniel Simerly vs KapStone Paper and Packaging Corporation, KapStone Container Corporation, Safway Group Holdings, LLC, Easy Way Insulation Co., Inc., Sypris Technologies, Inc., f/k/a Tube-Turns Technologies, Inc. and Thompson Industrial Services, LLC / Civil Action #: 2017-CP-10-00838

Dear Ms. Armstrong:

Enclosed please find the original and one (1) copy of Defendants KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation's Reply to Plaintiff's Response in Opposition to the KapStone Defendants' Rule 12(b)(1) Motion to Dismiss in connection with the above-referenced matter, which has been assigned to Judge McCoy. Also enclosed please find a CD containing Exhibits 1 through 37, respectively. We respectfully request that you file the original with the Court and return a clocked copy in the postage paid envelope provided herein to our office.

By copy of this letter to all counsel, we are hereby serving them with copies of the same.

Sincerely,



Richard H. Willis
Managing Partner

RHW/kmr

Enclosures: As referenced.

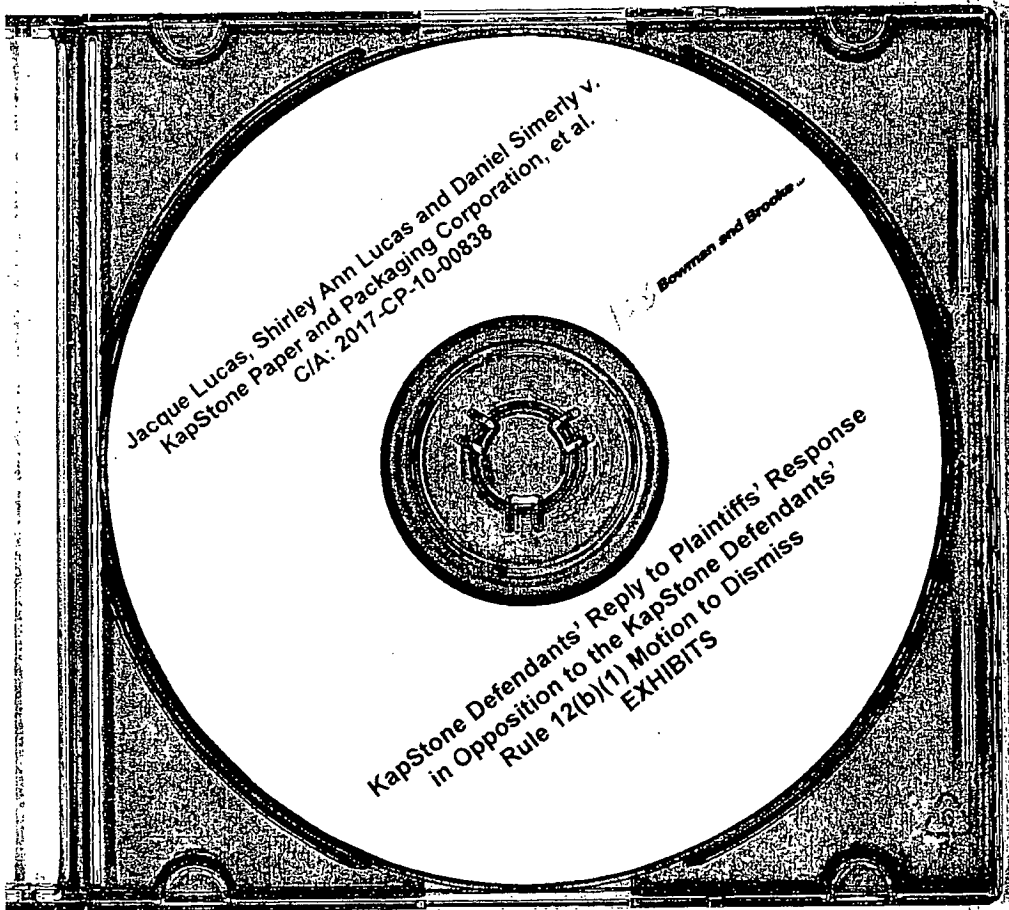
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The Honorable Julie J. Armstrong
Charleston County Clerk of Court
June 11, 2019
Page 2

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2017-CP-10-0838



holding in *Poch v. Bayshore Concrete Products/South Carolina, Inc.*, that a parent entity which is economically integrated with its subsidiary is treated as a “single entity” for workers’ compensation purposes, and is thereby immune to tort claims brought by the subsidiary’s employees. *See* 405 S.C. 359, 370-71, 747 S.E.2d 757, 763 (*Poch II*). In *Poch II*, the Supreme Court adopted eight factors to be considered when determining whether a parent and its subsidiary are economically integrated for purposes of workers’-compensation immunity. *See id.*, 405 at 372-73, 747 S.E.2d at 764.

Over the course of this litigation, the KapStone Defendants have authenticated and placed into the record nearly 3,000 pages of financial records and related materials that demonstrate the nature of the economic and operational integration between the KapStone Defendants and KapStone Charleston. Whether this evidence is sufficient to satisfy the *Poch* factors is the question before this Court. Because this evidence is voluminous and relates to potentially complex financial accounting issues, the KapStone Defendants seek to offer into the record the affidavit of an expert economist and financial analyst, Todd K. Lester, pursuant to Rule 702, SCRE, to assist the Court in understanding how these records relate to the *Poch* factors.

I. An expert affidavit is generally admissible to assist the fact finder’s understanding of the evidence

The affidavit of Mr. Lester is intended to assist the Court in navigating the large volume of financial, structural, and operational records submitted in support of the pending Rule 12(b)(1) motion to dismiss, as well as to explain how this evidence demonstrates economic integration between the KapStone Defendants and KapStone Charleston. Mr. Lester’s affidavit does not opine as to whether this evidence satisfies the factors set forth in *Poch*, or whether the Court has jurisdiction over this matter. These are legal questions within the purview of the Court.

Expert opinion is generally admissible if the expert's "technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue[.]" Rule 702, SCRE. Further, "[t]estimony in the form of opinion or inference otherwise admissible is not objectionable because it embraces an ultimate issue to be decided by the trier of fact." Rule 704, SCRE. While an expert's affidavit in support of a dispositive motion may contain opinions on the ultimate issue, it may not contain "legal arguments and conclusions" in an attempt to "inappropriately . . . usurp the trial court's role" in determining the legal issue at hand. *See Dawkins v. Fields*, 354 S.C. 58, 65, 580 S.E.2d 433, 437 (2003) (citing *O'Quinn v. Beach Assocs.* 272 S.C. 95, 106-07, 249 S.E.2d 734, 739-40 (1978)).

While "expert testimony **on issues of law** is inadmissible", *Dawkins*, at 65, 580 S.E.2d at 437 (citing Note, *Expert Legal Testimony*, 97 Harv. L. Rev. 797, 797 (1984) (emphasis in original)), Mr. Lester's affidavit does not express legal opinions or make legal arguments. The question of law in this case is whether the degree of economic and operational integration between the KapStone entities satisfies *Poch*. Mr. Lester does not opine as to this. Rather, his affidavit and report explain how the documents cited in his report demonstrate financial integration, from a financial analyst's perspective. Understanding what these documents are and what they show is beyond the knowledge of a lay person. As such, evidence of this nature falls within the scope of Rule 702, SCRE.

In *Poch I*, the Court of Appeals of South Carolina held that an affidavit submitted by an attorney on the subject of "statutory employer" should not have been considered by the trial court. *See Poch v. Bayshore Concrete Prods./S.C., Inc.*, 386 S.C. 13, 30, 686 S.E.2d 689, 698 (Ct. App. 2009) (*Poch I*). However, they found this to be of no consequence, because the trial court's holding was amply supported by other evidence. *See id.* The expert affidavit in *Poch* was submitted by

“an attorney who attested to the statutory employer status of the corporations” – which was the ultimate legal conclusion.¹ See *Poch II*, 405 S.C. 359, 365 n.2, 747 S.E.2d 757, 760 n.2 (2013). The Court of Appeals, relying on *Dawkins*, held that the affidavit should not have been admitted because it “primarily contained legal arguments and conclusions. . . . [that] addressed the ultimate issue of the case.” *Poch I*, at 30, 686 S.E.2d at 698. This holding, like in *Dawkins* and its progeny, is meant to preclude expert opinion only as to legal conclusions, not expert testimony regarding facts underlying the Court’s conclusion.

Conversely, in *Vortex Sports & Entertainment, Inc. v. Ware*, the Court of Appeals of South Carolina held that while the existence of a fiduciary duty was a legal conclusion for the court to make, expert testimony as to “specific acts . . . and how those acts constituted a breach of [the] fiduciary duty” was admissible. 378 S.C. 197, 207, 662 S.E.2d 444, 450 (Ct. App. 2008). There, the expert² opined as to the defendant’s self-dealing and deceptiveness, which he testified amounted to breach of fiduciary duty. See *id.* The Court of Appeals explained this testimony was admissible because the expert “did not make improper legal conclusions or instruction but simply opined regarding acts [the defendant] committed that breached his fiduciary duty.” See *id.* at 208, 662 S.E.2d at 450.

The relationship between Mr. Lester’s affidavit and the Court’s role in weighing the *Poch* factors is analogous to *Vortex Sports*. As in *Vortex Sports*, there are two questions: a factual question and a legal question. The fact question is whether the KapStone entities were financially integrated. The legal question is whether such integration, if shown, satisfies *Poch*. Inarguably,

¹ While the Supreme Court of South Carolina later held that the “statutory employer” test was not the proper approach for purposes of extension of workers’ compensation tort immunity between related entities, the KapStone Defendants acknowledge that the primary issue regarding admissibility of the expert affidavit here does not turn on the applicable test, but rather on the substance of the affidavit.

² Interestingly, the expert at issue in *Vortex Sports* was also Professor Freeman – the same expert at issue in *Dawkins*.

it is the Court's province to determine whether the KapStone entities' integration satisfies *Poch*. As to the fact question, like the expert in *Vortex Sports*, Mr. Lester's affidavit goes only to whether certain evidence shows such integration, how, and to what degree.

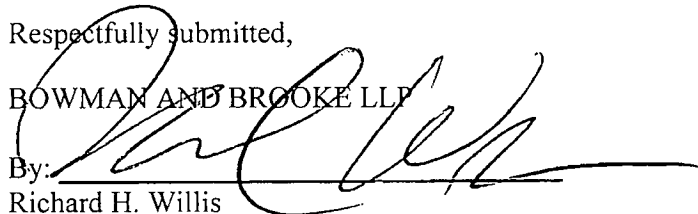
Unlike the expert affidavit in *Poch*, Mr. Lester is neither a lawyer, nor does he opine as to whether the evidence satisfies *Poch*. Mr. Lester's affidavit does not "usurp" the Court's authority to decide whether the KapStone Defendants and KapStone Charleston are essentially one economic entity for the purposes of workers' compensation. While Mr. Lester provides his opinion as a financial analyst as to the nature of the economic and operational integration of the KapStone entities, he does not attempt to argue how the Court should rule. To the extent Mr. Lester's affidavit reflects his expert opinion as a financial analyst based on the evidence the KapStone Defendants have submitted in support of their motion to dismiss, his opinion should be admitted, and given whatever consideration the Court deems appropriate.

CONCLUSION

The KapStone Defendants respectfully request the Court consider the Affidavit of Todd K. Lester in making its determination. Mr. Lester's affidavit does not advocate any legal conclusions. The affidavit fits within the scope of Rule 702, SCRE, because it is designed to assist the trier of fact to understand the evidence.

Respectfully submitted,

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June 7, 2019

STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
COUNTY OF CHARLESTON) FOR THE NINTH JUDICIAL CIRCUIT
) CIVIL ACTION #: 2017-CP-10-00838
Jacque Lucas, Shirley Ann Lucas,
and Daniel Simerly,
Plaintiffs,

vs.

KapStone Paper and Packaging
Corporation, KapStone Kraft Paper
Corporation, Safway Group Holdings, LLC,
Easy Way Insulation Co., Inc., Sypris
Technologies, Inc. f/k/a Tube-Turns
Technologies, Inc., Thompson Construction
Group, Inc. and Thompson Industrial
Services, LLC,
Defendants.

**Plaintiffs' Response in Opposition to
Defendants KapStone Paper and
Packaging Corporation and KapStone
Kraft Paper Corporation's Rule 12(b)(1)
Motion to Dismiss**

FILED
2019 MAY 24 AM 9:49
JULIE J. ARMSTRONG
CLERK OF COURT

**PLAINTIFFS' RESPONSE IN OPPOSITION TO DEFENDANTS' RULE 12(B)(1)
MOTION TO DISMISS**

The plaintiffs, Jacque Lucas, Shirley Ann Lucas, and Daniel Simerly (collectively, "Plaintiffs"), file this, Plaintiffs' Response in Opposition to Defendants KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation's Rule 12(b)(1) Motion to Dismiss, requesting the Court deny Defendants' motion in its entirety, respectfully showing unto the Court the following:

I.

Summary

The Court should deny Defendants KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation's (collectively, "Defendants") Rule 12(b)(1) Motion to Dismiss

and permit the continuation of this case against all parties for merit-based discovery for the following reasons:

1. Defendants' reliance on the *Poch* factors is misplaced, as the circumstances and underlying facts involved in the *Poch* case are easily distinguishable from the facts of the instant matter, and therefore, the *Poch* factor analysis does not even apply;
2. The only evidence attached in support of Defendants' Brief in Support of their Rule 12(b)(1) Motion to Dismiss was the affidavit of Kelly Hulseman. Although Defendants supplemented with a memorandum attaching a business records affidavit of Mark Niehus, the affidavit of Kelly Hulseman was never amended or supplemented. For multiple reasons, the affidavit of Ms. Hulseman must be stricken and any reference thereto should be disregarded for purposes of consideration of Defendants' motion;
3. The deposition testimony of Defendants' corporate representative, Kelly Hulseman, conclusively establishes that sufficient evidence does not exist to entitle Defendants to immunity under the South Carolina Workers' Compensation Act;
4. Therefore, even if the *Poch* factors apply to this analysis (which Plaintiffs contend they do not), Defendants do not operate as one integrated entity with Plaintiffs' employer, KapStone Charleston Kraft, LLC;
5. Defendants' assertion that a double recovery to Plaintiffs would occur should the Court permit this action against Defendants is inaccurate and misleading, as the insurance company that has provided payments to Plaintiffs under their policy has intervened in this case seeking recovery of monies paid should any recovery be received by Plaintiffs from Defendants in this case; and
6. Defendants have failed to meet their heavy burden pursuant to Rule 12(b)(1), and therefore, Defendants' motion to dismiss must be denied.

II.

Brief Factual and Procedural Background

As this Court is aware, this case arises from a tragic accident that occurred on May 24, 2016, when Plaintiffs Jacque Lucas and Daniel Simerly were working for Kapstone Charleston Kraft, LLC, at a paper mill in North Charleston, South Carolina. On that date, Plaintiffs sustained severe and horrific burns after black liquor discharged from an overhead vessel onto their bodies while they were working on and around scaffolding underneath the vessel hatch. As a result of the

incident, Plaintiffs have undergone extensive medical treatment, including procedures for their painful burns, orthopedic injuries, and serious mental and psychological issues, including Post-Traumatic Stress Disorder.

Specifically, and for the edification of this Court, Plaintiff Lucas, a forty-eight (48) year-old father and husband at the time of the incident sustained such serious and extensive chemical burns that he could not be transported by ambulance, and instead, had to be life-flighted from the facility to the Joseph M. Still Burn Center at Doctors Hospital in Augusta, Georgia. When he arrived at the hospital, he was assessed to have second and third degree chemical burns to 66% of his total body surface area. His burns were so severe that he was immediately taken to the burn center debridement room upon arrival. Plaintiff Lucas spent a total of forty-seven days in the hospital, with forty-four of those days spent in the ICU unit. In addition to the many surgical procedures and extensive wound care during his hospital stay, Plaintiff Lucas participated in extensive occupational and physical therapy before finally being discharged on July 10, 2016. He has required ongoing treatment for both his physical and psychological injuries since being released from the hospital in July 2016.

Furthermore, Plaintiff Daniel Simerly was similarly transported by life flight helicopter to the Joseph M. Still Burn Center at Doctors Hospital as a result of the debilitating burns he received as a result of this incident. Plaintiff Simerly's burns also required surgical debridement and grafting, along with daily dressing changes, to treat the second and third degree burns to his back, arms, abdomen, and face. In addition, Plaintiff Simerly experienced a deep venous thrombosis (DVT) while hospitalized, further complicating his condition. While Plaintiff Simerly was discharged on May 27, 2018, he has required ongoing treatment that has severely limited his ability to perform the activities and duties he used to enjoy prior to this accident. He has also required

continuing psychological care to treat his ongoing PTSD from the trauma he experienced in May 2016.

As Defendants point out, and Plaintiffs do not deny, Plaintiffs have received Workers' Compensation benefits following the incident from their employer, KapStone Charleston Kraft, LLC, in the form of medical and indemnity payments.

Significantly, however, Plaintiffs have not received benefits from any other defendant in this case, including Defendants KapStone Paper and Packaging Corporation ("KPPC") and KapStone Kraft Paper Corporation ("KKPC"). This is because, simply, that Plaintiffs were not, are not, and have never been, employees (of any kind) of Defendants KapStone Paper and Packaging Corporation or KapStone Kraft Paper Corporation. Instead, Plaintiffs were employed at the time of the incident by KapStone Charleston Kraft, LLC – a completely distinct and separate legal entity from any party in this lawsuit. Under SC Code Ann. §42-1-560(a), "[t]he right to compensation and other benefits under this title [Workers' Compensation] **shall not** be affected by the fact the injury or death is caused" by a third party. "The injured employee . . . shall be entitled to receive the compensation and other benefits provided by this title and to enforce by appropriate proceedings his . . . rights against the third party." SC Code Ann. §42-1-560(b).

Despite these undisputed facts, Defendants KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation filed their Rule 12(b)(1) Motion to Dismiss claiming Plaintiffs are not entitled to recover from these separate and distinct entities because Plaintiffs are barred by the exclusivity provision of the South Carolina Workers' Compensation Act ("Act"). Because Plaintiffs are not employees of Defendants herein, and are therefore, outside the exclusivity provision of the Act, Defendants' motion should be denied. Further, because the *Poch* case on which Defendants rely is entirely and completely distinguishable from the facts in this

matter, Defendants' reliance on the *Poch* factors to provide them with immunity from tort liability is misplaced and should be rejected.

For the reasons stated more fully below, Plaintiffs respectfully request that this Court deny Defendants' motion to dismiss, and permit the continuation of merit-based discovery against all parties in this lawsuit.

III.

Exhibits

- Exhibit A: Affidavit of Kelly Hulseman**
- Exhibit B: Deposition of Kelly Hulseman**
- Exhibit C: Affidavit of Mark Niehus**
- Exhibit D: Notice of 30(b)(6) Deposition to KapStone Paper and Packaging Corp.**
- Exhibit E: Certificate of Formation for KapStone Paper and Packaging**
- Exhibit F: Secretary of State Filing for KapStone Charleston Kraft**
- Exhibit G: Copy of KapStone Charleston Paycheck**
- Exhibit H: Copy of KapStone Charleston W-2**
- Exhibit I: KPPC Forfeiture in South Carolina**
- Exhibit J: KPPC Certificate of Revocation of Authority**

IV.

Motion to Strike Affidavit of Kelly Hulseman

As a preliminary matter, Plaintiffs move to strike the Affidavit of Kelly Hulseman that is referenced in Defendants' Brief in Support of their Rule 12(b)(1) Motion to Dismiss filed on September 20, 2017, and attached hereto as Exhibit A. Specifically, Defendants rely upon a singular, substantive, affidavit in support of their motion to dismiss, that was sworn to by the Vice

President of Shared Services at KapStone Paper and Packaging Corporation (“KPPC”), Kelly Hulseman (“Hulseman”). This affidavit should be struck in its entirety, and removed from consideration with regards to the pending motion to dismiss.

First, an affidavit cannot be proper when it purports to contain information outside the personal knowledge of the affiant. Second, the testimony given by the affiant after having sworn to the information contained in the affidavit establishes that the affidavit is a sham, and is not based on personal knowledge. Instead, the affidavit appears to have been created by Defendants’ counsel with little to no input from the affiant, and was designed only to persuade this Court that Defendants can establish the necessary factors under the *Poch* case to be granted a dismissal in this lawsuit.

Plaintiffs provide the following testimony from Hulseman’s deposition to illustrate the alarming nature of this affidavit which was signed with the attestation that such information is “true and correct, to the best of **my knowledge and belief**,” by Ms. Hulseman, in the presence of a notary, on September 20, 2017.

Deposition of Kelly Hulseman:

28

19 Q. Okay. And this is going to -- I think I know
20 what you are talking about and just so we are, I want to
21 make sure we are on the same page, okay. So I am going
22 to hand you what I have marked as exhibit number, I
23 think we are on six.

24 (Plaintiff’s Deposition Exhibit No.

29

1 6 was marked for identification.)

2 BY MR. FINDLEY:

3 Q. And as I understand it, this is your
4 affidavit?

5 A. It is.

30

8 Q. So back to what we are talking about
9 organizational chart Exhibit C attached to the
10 affidavit, you did not create that, true?
11 A. I did not.
12 Q. Okay. You didn't review any documents that
13 went into creating it, fair? You weren't the person who
14 did that?
15 A. Created this document, I was not.
16 Q. Okay. And you weren't the person, let me
17 give you example, who went back and reviewed corporate
18 filings or any of the other types of various documents
19 that might go into creating an organizational chart,
20 correct?
21 A. I did not.
22 Q. Okay. So as far as what those documents
23 contain that were used to create this organizational
24 chart, you don't have personal knowledge of those as we

31

1 sit here today, fair? All you have personal knowledge
2 of is what would be contained on this chart, true?
3 A. True.
4 Q. Okay. Now, as far as this chart, do you know
5 if this chart was created specifically for this case?
6 A. I'm not sure.
7 Q. Okay. Do you know what years of documents
8 regarding filings were reviewed in order to create this?
9 A. I do not.
10 Q. Okay. And so whether it was 2015, 2016 or
11 2018 sitting here today you couldn't tell us that, fair?
12 A. Fair.
13 Q. Okay. And the reason why I am asking that is
14 because in this organizational chart it's got -- well,
15 do you know who made it?
16 A. I do not.
17 Q. Okay. Did it just show up on your desk?
18 A. As part of the affidavit, yes.
19 Q. Okay. And is it fair to say the entire
20 Exhibit 6 you did not have any part in making it,
21 correct?
22 A. No.
23 Q. You didn't type any of the words in the
24 affidavit, they came like that?

32

1 A. I did not type the words, no.

See Ex. B.

Not only did Hulseman apparently have no part in actually creating or writing her affidavit, she also did nothing to ensure that she had personal knowledge of the items she was swearing to have knowledge of in the affidavit. Instead, the affidavit and the documents appeared at her desk from the legal department, awaiting signature.

Deposition of Kelly Hulseman:

33

7 Q. Okay. As far as having personal knowledge as
8 to what paperwork is contained with filings regarding
9 officers and directors, that wasn't research that you
10 did in order to generate this, fair?

11 A. Fair.

12 Q. As far as having personal knowledge as to
13 what is contained in those documents regarding directors
14 and officers, you do not have any personal knowledge
15 other than what is contained on Exhibit B, correct?

16 A. Correct.

33

21 Q. Okay. Did you review any documents as to who
22 the officers and directors were in 2016?

23 A. I did not.

34

10 Q. Okay. Who provided you with this Exhibit B?

11 A. Legal. KapStone's legal department.

12 Q. KapStone Paper and Packaging Corporation
13 legal department?

14 A. Yes.

52

4 Q. And it looks like it was signed and notarized
5 on September 20, 2017, is that accurate?

6 A. Yes.

7 Q. Okay. As far as how long of a time passed
8 from the time you received it until the time you signed
9 it, do you know?

10 A. I don't.

11 Q. Okay. Do you remember if it was years? Do
12 you know if it was in the late part of the 2017 that you
13 received it and signed it?

14 A. Yes.

15 Q. So if we said sometime in the fall of 2017
16 you received it and signed it, is that fair?

17 A. That's fair.

18 **Q. Before you signed it did you go look at any**
19 **other documents other than the ones that were attached?**

20 A. I did not.

211

17 Q. All right. Let's go to your affidavit. We
18 know that you did not type out the words in this
19 affidavit, fair?

20 A. Yes.

21 Q. Okay. We know that you did not pour through
22 documents to formulate the paragraphs of this affidavit,
23 correct?

24 A. Correct.

212

1 Q. Okay. This affidavit was typed up by an
2 attorney, correct?

6 Q. Is that your understanding?

7 A. Yes.

See Ex. B.

Alarming, there are multiple topics in the affidavit that not only does Hulseman lack any knowledge about, but also, chose not to research those topics prior to signing her name on the notarized dotted line.

Deposition of Kelly Hulseman:

34

5 Q. As far as who the officers and directors were
6 at the time of this incident whether or not they are the
7 same or different, that wasn't something you looked
8 into, is that accurate?

9 A. Yes.

215

1 My question is when you received this
2 affidavit and it contained the statement in Exhibit 4,
3 did you go back and look at every single premium payment
4 and verify that Kapstone Paper and Packaging Corporation
5 did, in fact, pay the premiums?
6 A. I did not.

222

4 Q. So as far as how these entities are set up or
5 the legal documents related to them, that is -- you
6 didn't go research or verify paragraph six when it was
7 written to you in your affidavit to sign, fair?
8 A. Fair.

223

4 Q. When it says, "Both entities generally use
5 similar processes and types of equipment to conduct
6 these activities," that's not something that you know
7 anything about other than you have been to them before,
8 right?
11 A. Right.

233

8 Q. Okay. And what I am saying is besides when
9 you signed this affidavit did you take any steps on your
10 own to go look at documents to verify the veracity of
11 paragraph 11?
12 A. No.

262

21 Q. Okay. So as far as its veracity regarding
22 paragraph 15 as well as paragraph 16, we could agree
23 that you did not do any independent searching to figure
24 out whether or not those are accurate statements, fair?

263

1 A. Fair.
2 Q. Okay. And as far as speaking to any Kapstone
3 Charleston Kraft LLC's employees regarding who they
4 report to, you didn't do that, fair? That's not even
5 something you do with your job?
6 A. Correct.

288

3 Q. Well, fair enough. But, Ma'am, you have to

4 understand my position, you have an affidavit that's
5 signed and notarized that says number 19 is true based
6 on your information and belief and what I am just trying
7 to figure out so that we can clarify this for later is,
8 is it fair to say you have no idea and do not feel
9 comfortable testifying to the contents of paragraph 19
10 and we can move on to the next one?

12 A. Right.

See Ex. B.

Plaintiffs provide the Court with this non-exclusive list of examples to illustrate for the Court the complete lack of reliability associated with the only substantive affidavit attached as part of the record in support of Defendants' motion to dismiss. This personal jurisdiction issue is extremely critical, and this Court should not consider a self-serving affidavit that was signed by an affiant who admittedly had no personal knowledge of the vast majority of information contained in the affidavit. This despite her signed attestation that the information was true and correct to her knowledge. *See Ex. A* at 6.

Utilizing an affidavit as evidence in a Rule 12(b)(1) motion to dismiss should be held to the same standard as an affidavit attached in support of a motion for summary judgment, as both are dispositive motions and are determined as a matter of law. Similarly, affidavits in the summary judgment realm must be made on personal knowledge, and should so in support of motions to dismiss. Rule 56(e) ("Supporting . . . affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein.") *Englert, Inc. v. Netherlands Ins. Co.*, 315 S.C. 300, 302, 433 S.E.2d 871, 873 (Ct. App. 1993); *Robertson v. First Union*, 350 S.C. 339, 351, 565 S.E. 2d 309, 315-16 (Ct.App. 2002) (finding that affidavit was inadmissible for summary judgment because of among other things, failure to show affiant was familiar with the issues and

standards). Even more simply, the Rules of Evidence forbid the introduction of matters for evidentiary consideration unless it is established that the witness has personal knowledge. “A witness may not testify to a matter unless evidence is introduced sufficient to support a finding that the witness has personal knowledge of the matter.” S.C. R. Evid. 602.

It is clear from the deposition testimony that Hulseman lacked personal knowledge on the matters she purported to swear to in her affidavit. For multiple reasons, including SCRCP 56(3) and South Carolina Rule of Evidence 602, Hulseman should not be permitted to present matters to this Court for consideration in support of Defendants’ motion to dismiss by way of her self-serving affidavit. Plaintiffs therefore request this Court strike the Affidavit of Kelly Hulseman, and reject consideration of any evidence contained therein for purposes of Defendants’ motion to dismiss.

V.

Legal Standard

Defendants filed their motion to dismiss pursuant to Rule 12(b)(1) of the South Carolina Rules of Civil Procedure. This Rule is derived from, and identical to, the corresponding provision of the Federal Rules of Civil Procedure. *Compare* Rule 12(b)(1), SCRCP *with* FED. R. CIV. P. 12(b)(1). The argument presented by Defendants under SCRCP 12(b)(1) is therefore akin to a Federal Rule 12(b)(1) motion to dismiss, stating the court lacks subject matter jurisdiction because of the exclusivity provisions of the Workers’ Compensation Act. While the case law in South Carolina is relatively scarce with regards to the legal standard underlying Rule 12(b)(1) and the exclusivity provision of the Act, the Fourth Circuit provides guidance with regards to the necessary standards that must be met to meet the heavy burden necessary to mandate dismissal.

A motion to dismiss under Rule 12(b)(1) should only be granted if the court lacks subject matter jurisdiction. The question of subject matter jurisdiction is a question of law for the court.

Woodard v. Westvaco Corp., 315 S.C. 329, 433 S.E.2d 890 (Ct.App.1993) (vacated on other grounds by, 319 S.C. 240, 460 S.E.2d 392 (1995)). “[A] defendant may challenge subject matter jurisdiction in one of two ways.” *24th Senatorial Dist. Republican Comm. v. Alcorn*, 820 F.3d 624, 629 (4th Cir. 2016) (quoting *Kerns v. United States*, 585 F.3d 187, 192 (4th Cir. 2009)). “First, the defendant may contend that a complaint simply fails to allege facts upon which subject matter jurisdiction can be based.” *Id.* (quoting *Kerns*, 585 F.3d at 192). “When a defendant makes a facial challenge to subject matter jurisdiction, ‘the plaintiff, in effect, is afforded the same procedural protection as he would receive under a rule 12(b)(6) consideration.’” *Kerns*, 585 F.3d at 192 (quoting *Adams v. Bain*, 697 F.2d 1213, 1219 (4th Cir. 1982)). “In that situation the facts alleged in the complaint are taken as true, and the motion must be denied if the complaint alleges sufficient facts to invoke subject matter jurisdiction.” *Id.*

“Alternatively, the defendant may contend ‘that the jurisdictional allegations of the complaint were not true.’” *24th Senatorial Dist.*, 820 F.3d at 629 (quoting *Adams*, 697 F.2d at 1219). “In [this] scenario, ‘[a] trial court may then go beyond the allegations of the complaint’ and hold an evidentiary hearing to ‘determine if there are facts to support the jurisdictional allegations.’” *Id.* (quoting *Adams*, 697 F.2d at 1219). “There is no presumption of truth and the court weighs the evidence presented in a 12(b)(1) hearing to determine jurisdiction.” *Id.* (citing *Adams*, 697 F.2d at 1219). “If, however, the jurisdictional facts are intertwined with the facts central to the merits of the complaint, ‘**a presumption of truthfulness should attach to the plaintiff's allegations.**’” *Id.* (quoting *Rich v. United States*, 811 F.3d 140, 145 (4th Cir. 2015) (citing *Kerns*, 585 F.3d at 193))(emphasis added). “And ‘the court should resolve the relevant factual disputes only after appropriate discovery.’” *Id.* (quoting *Rich*, 811 F.3d at 145).

Ultimately, a Rule 12(b)(1) motion should be granted only if it appears certain that the plaintiff cannot prove any set of facts supporting his claim to relief. *See Ramming v. United States*, 281 F.3d 158, 161 (5th Cir. 2001).

VI.

Arguments and Authorities

A. The *Poch* Factors Do Not Apply to this Case.

Defendants' entire argument for dismissal rests squarely on the assumption that the *Poch v. Bayshore Concrete Products/South Carolina, Inc.* case is applicable to this jurisdictional matter. For the reasons set forth below, Plaintiffs contend the *Poch* case is irrelevant for purposes of any jurisdictional dispute in this case.

a. The *Poch* case is entirely distinguishable from this matter.

While Defendants provide the Court with a shortened summary of their view of the *Poch* case in their motion, Plaintiffs would take this opportunity to fully outline the facts and issues present in the *Poch* case to illustrate the obvious distinguishable differences that are important for this jurisdictional analysis.

In *Poch*, the two plaintiffs – Poch and Key – were not employed by the Bayshore defendants who sought relief through the exclusivity provision of the Act. Instead, Poch and Key were employees of a staffing agency, who contracted the men out for temporary work to the Bayshore South Carolina, Inc. (“Bayshore SC”) worksite. *See Poch v. Bayshore Concrete Products/South Carolina, Inc.*, 405 S.C. 359 (2013). While working to dismantle equipment alongside Bayshore SC employees, an accident occurred killing Poch, and injuring Key. *Id.* at 363. Poch’s estate and Key received workers’ compensation benefits through the temporary staffing agency, Job Place. Subsequently, the petitioners (including Key and the estate of Poch) filed suit

against Bayshore SC and its parent company, Bayshore Concrete Products Corporation (“Bayshore Corp.”). *Id.* Bayshore SC and Bayshore Corp. both claimed to be the statutory employers of Poch and Key, and therefore, moved to dismiss for lack of subject matter jurisdiction claiming workers’ compensation was the exclusive remedy. *Id.* at 365.

The Supreme Court determined – after finding that Bayshore SC was the statutory employer of Poch and Key – that the exclusivity provision extended to Bayshore Corp. under a non-exclusive eight-factor test. *Id.* at 374.¹ However, the Bayshore SC/Bayshore Corp. relationship is completely distinguishable from that of KapStone Paper and Packaging and KapStone Charleston Kraft, LLC. Specifically, Bayshore Corp. created Bayshore SC for a limited purpose and for a single job. It was created essentially as a limited-engagement extension of Bayshore Corp. in order to complete a job in South Carolina that had been secured through a bid by Bayshore Corp. *Id.* at 759. On the exact day that the job was secured, Bayshore Corp. formed Bayshore SC as its wholly owned subsidiary **for the purpose of acting as a remote casting yard to fulfill the bid locally for the project.** *Id.* Put more simply, Bayshore Corp. created an offshoot of itself for the sole purpose of *acting* as a remote location of itself in order to have a local presence for the job Bayshore Corp. secured. For further proof, not only did Bayshore Corp. win the bid for the job and create the local acting entity the same day, the parent company also executed a lease for the local factory site and bought the equipment for Bayshore SC to use for the job. This was a temporary entity created merely to satisfy the need for a local presence for a job.

In the instant case, KapStone Charleston Kraft, LLC was formed as a complete and separate legal entity over ten years ago for the purpose of manufacturing unbleached kraft paper and lumber products for retail and industrial applications. It does not even perform the same work that is

¹ As further set forth below, Defendants do not even qualify as statutory employers in this case.

performed by its parent company, which does not operate at all in the manufacturing of paper and lumber products. KapStone Charleston Kraft, LLC was not formed to act as a local presence for KPPC's project, and its jobs, equipment, and property are procured and/or owed by KapStone Charleston Kraft – not its parent company, KPPC. While the issues argued in the *Poch* case have not been litigated frequently, especially considering the relative recentness of the decision, it is clear that the scenario contemplated in the *Poch* case was not intended to be expanded to protect every parent company who has a subsidiary with workers' compensation coverage. The *Poch* case demonstrates a narrow situation wherein a parent company created a legal entity to serve as a local presence for the parent company during a project.

Considering this case is completely distinguishable from the facts underlying the *Poch* case, Plaintiffs request that Defendants' motion to dismiss be denied.

b. Parent companies may be held liable under the law.

As a general rule, that parent companies may be held liable for injuries to a subsidiary's employee under the law. In fact, the general rule does not extend immunity to the parent company, and only if there is an *exception* to that rule, should a parent company be immune from liability.

The general rule reads as follows:

A parent corporation is generally not immune from an action in tort by an injured employee of its subsidiary by virtue of the employee's entitlement to workers' compensation. Where an employee of a subsidiary is injured while working on property owned by the parent corporation and receives workers' compensation benefits from the subsidiary, the employee may maintain an action in tort against the parent corporation even though parent and subsidiary are covered by same policy of workers' compensation insurance.

See 82 Am.Jur.2d *Workers' Compensation* § 90 (2003).

In this case, Plaintiffs can maintain a cause of action against the parent companies of their employer because the Plaintiffs were injured due to the acts and/or omissions of the parent

companies, separate and apart from any actions of their employer. There is no exception that applies to divert from the general rule, and KapStone is not immune from liability due to some overreaching extension of workers' compensation immunity. Therefore, Defendants' motion should be denied.

B. No Competent Evidence Exists to Support Defendants' Motion to Dismiss.

a. Defendants' motion is entirely premised on Hulseman's affidavit.

Defendants are not entitled to dismissal, especially considering the entirety of their argument is supported by one substantive affidavit – the affidavit of KapStone's corporate representative, Kelly Hulseman. Specifically, Defendants' motion to dismiss references only Hulseman's affidavit with its three exhibits in support of their request for dismissal. *See* Defendants' Brief in Support. For the reasons described above, Hulseman's affidavit must be stricken because it is not based upon the affiant's personal knowledge or any other competent evidence. Without any competent affidavits supporting their arguments, the contentions included in Defendants' motion lack foundation and are, simply, baseless.

This Court should not, and cannot, rule to dismiss the KapStone entities from this lawsuit simply because a motion says it should. The decision to grant a dismissal pursuant to 12(b)(1) in this instance is fact-intensive, and requires the movant (KapStone) to bring forth sufficient evidence. Because they have not, and instead, rely solely on the affidavit of an incompetent affiant, the motion must be denied.

b. Mark Niehus' affidavit is simply a business record's affidavit.

Furthermore, the only other affidavit presented in this case for purposes of the motion to dismiss is a later-filed affidavit from Mark Niehus – the more recently designated “corporate representative” who assumedly was named in an attempt to undo the admissions previously made

by KapStone through Ms. Hulseman. *See* Ex. C. This affidavit, however, is not substantive in nature, and provides no evidentiary support for Defendants' original motion to dismiss. Instead, this affidavit purports to be a business records affidavit, seeking to authenticate a large list of documents produced by Defendants in discovery. An affidavit purporting to authenticate records as being maintained in the ordinary course of business does nothing to advance Defendants' argument under the *Poch* case. Therefore, as no evidence exists in the record to support Defendants' argument for dismissal on a theory of economic oneness, Defendants' motion must be denied.

C. Even if the *Poch* Factors Are Applied, Defendants' Motion to Dismiss Fails.

To the extent the *Poch* case is at all relevant or applicable to the case at hand (which Plaintiff firmly contends it does not), *and* if Ms. Hulseman's affidavit is not stricken in its entirety, leaving Defendants' with absolutely no support for their dismissal motion, Plaintiffs submit that Defendants' motion to dismiss still fails as a matter of law because the testimony in this case proves that KapStone Charleston Kraft, LLC does not constitute a singular economic entity with KapStone Paper and Packaging Corporation, or KapStone Kraft Paper. As evidenced below, the effort to create this "one economic entity" did not begin until *after* the incident made the basis of this suit, in a blatant attempt to avoid liability in this case. This manipulative behavior should not be permitted, and Defendants' motion should be denied.

Again, while Plaintiffs contend these factors are not applicable to this case and the jurisdictional question should be granted in Plaintiffs' favor without ever getting to the *Poch* case, *Poch* and additional authorities support Plaintiffs' position.

In *Poch v. Bayshore Concrete Products/South Carolina, Inc.*, 405 S.C. 359, 747 S.E.2d 757 (2013), the Supreme Court explained that, although a parent corporation is not immune from

an action in tort by an injured employee of its subsidiary, immunity can extend to the parent when the two corporations operate as essentially one economic entity. *Id.*, 405 S.C. at 370-75.

The Supreme Court further stated that to determine whether corporate entities operate in this manner, courts should consider the following non-exhaustive factors:

1. Did the two businesses maintain separate corporate identities?
2. Did the two businesses maintain separate boards of directors?
3. Did the two businesses transact business from different locations under different managers?
4. Did the two businesses hire and pay their own employees?
5. Did the two corporations hold themselves out to their employees as two separate identities?
6. Did the two corporations engage in different business activities?
7. Did the two corporations maintain separate books, bank accounts, and payroll records?
8. Did the two corporations file separate tax returns?

Id., 405 S.C. at 372.

The South Carolina Supreme Court looked to the Federal District Court of South Carolina for inspiration in setting forth these “*Poch Factors*.” In *Monroe v. Monsanto Company*, 531 F.Supp. 426 (D.S.C.1982) the plaintiff sustained injuries while employed at the Fovil Manufacturing Company. *Monroe*, 531 F.Supp. at 427. The plaintiff lost his arm in a machine called the Gamble Cutter, which was designed, built, and placed in the Fovil plant by the Hale Manufacturing Company and the Monsanto Company. *Id.* After receiving workers’ compensation benefits from Fovil, the plaintiff persisted in a suit against Hale. The defendants moved for

summary judgment on the grounds that since Fovil and Hale were wholly owned subsidiaries of Monsanto, all three corporations were in essence a single entity. *Id.* at 427. Ultimately, after analyzing the foregoing factors the District Court denied the defendant's motion, finding Hale was a separate and distinct corporate entity from that of the plaintiff's employer, Fovil. As a result, the court found that Hale could not escape tort liability. *Id.* at 434–35.

Although the two corporations at issue in the *Monroe* case were “sister” corporations owned by a single parent company, the Supreme Court of South Carolina described as “correct” the “approach” taken by the District Court when analyzing whether two corporations should be treated as one economic entity. *Poch*, 405 S.C. at 371. In essence, the foregoing “*Poch* factors” analyzing economic unity in a *parent-subsidary* corporation relationship were first birthed as “*Monroe* factors” analyzing economic unity in a relationship where two sister corporations were owned by the same entity.

In reaching its decision, the *Monroe* court relied upon two other South Carolina appellate cases specifically dealing with “sister” corporations and their potential status as one economic entity: *Gordon v. Hollywood Beaufort Package Corp.*, 213 S.C. 438, 49 S.E.2d 718(1948) and *Brown v. Moorhead Oil Co.*, 239 S.C. 604, 124 S.E.2d 47 (1962). These two cases provide additional support for denying Defendants' motion to dismiss.

In *Gordon*, the Supreme Court of South Carolina found that the employer and its wholly owned subsidiary were separate and distinct corporations. “The mere ownership of the capital stock of one corporation by another does not create an identity of corporate interest between the two companies, . . . or create the relationship of principal and agent, or representative, or alter ego between the two.” *Gordon v. Hollywood-Beaufort Package Corp.*, 213 S.C. 438, 444, 49 S.E.2d 718, 720 (1948).

In *Brown v. Moorhead Oil Co.*, the Claimant, George T. Brown, was injured in an accident while employed by Crown Royal Service Inc.—a company not subject to the then Workmen’s Compensation Law because of the number of individuals it employed. As he could not obtain relief from his direct employer, he filed a claim for relief against Moorhead Oil Company, alleging that because of the “close connection between the two corporations” the circumstances justified him receiving relief under the Workmen’s Compensation Act. *Brown v. Moorhead Oil Co.*, 239 S.C. 604, 606, 124 S.E.2d 47, 48 (1962). The Commission in effect at that time awarded him benefits, the judgment was affirmed on appeal to the Circuit Court, but that decision was directly overturned on further appeal before the South Carolina Supreme Court. *Id.* In its reversal, the Supreme Court of South Carolina held that the two corporations were separate and distinct corporations, and thus, the claimant had no viable claim for Workmens’ Compensation against the parent company.

In reaching this conclusion, the Supreme Court of South Carolina considered the following facts to be significant:

1. The two companies were engaged in different business activities, one recapping tires and one distributing petroleum products.
2. The plaintiff worked at Crown Royal's place of business, was carried as an employee of Crown Royal on its payroll records, and his wages were paid by payroll checks of Crown Royal.
3. Although Albert Moorhead owned and generally supervised the management of both corporations, their business was transacted from separate locations under separate managers and their separate legal identities were preserved.
4. Although the books of both corporations were kept by the same persons in the offices of Moorhead Oil Company, separate books, bank accounts and payroll records were kept for each.
5. Separate tax returns were filed for each corporation.

Monroe v. Monsanto Co., 531 F. Supp. 426, 433 (D.S.C. 1982).

- a. In light of *Poch, Monroe, Gordon, and Moorhead Oil*, Plaintiffs provide the following testimony to establish that the non-exhaustive multi-factor test Defendants wish to apply, born in the foregoing decisions, actually weighs in favor of denying Defendants' motion to dismiss –**Hulseman's deposition conclusively establishes the lack of one economic entity.**

As part of the jurisdictional discovery process in this case, Ms. Hulseman was deposed as the designated corporate representative for KapStone Paper and Packaging Corporation pursuant to a number of topics served on Defendants by way of a 30(b)(6) notice. *See* Ex. D. Prior to the date of the deposition, Defendants never served formal objections to Plaintiffs' deposition notice, and instead, prepared and presented Ms. Hulseman for deposition. *See* Ex. B. While Defendants belatedly asserted objections to some of the topics in the notice by claiming Ms. Hulseman's lack of knowledge, Ms. Hulseman did provide testimony as the corporate representative for KapStone, and testified regarding the affidavit she swore to be true and correct based on her own personal knowledge. *See* Exs. A and B.

1. KapStone Charleston Kraft maintained a separate corporate identity from KapStone Paper and Packaging, Inc.

First, it is clear from the record in this case that KapStone Charleston Kraft, LLC (Plaintiffs' employer), maintained a completely separate business entity presence from the KapStone Defendants in this case. While this "factor" is heavily correlated with many other factors Defendants seek to address in their motion, the following testimony conclusively establishes that for purposes of this jurisdictional question, Plaintiffs' employer was a separate corporate entity from the KapStone Defendants in this case.

Specifically, it is clear the businesses are separate legal entities, with different legal names:

Deposition of the Corporate Representative of KapStone Paper and Packaging:

22

16 Q. What I am asking about is the day-to-day

22

17 operations, okay? There are lots of KapStone plants
18 throughout the United States, correct?
19 A. Yes.
20 Q. They all have different legal entity names,
21 correct?
22 A. Correct.
23 Q. They all are filed separately as far as legal
24 entities are concerned, some are corporations, some are

23

1 limited liability companies, correct?
2 A. Correct.

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17 Q. Okay. You don't know. You do know that the
18 Kapstone Charleston Kraft LLC is a legal filing with a
19 separate entity?
20 A. Yes.
21 Q. Separate entity than your employer, correct?
22 A. Yes.
23 Q. And you do know that KapStone Kraft Paper
24 Corporation is a separate and distinct legal entity from

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1 your employer, correct?
2 A. Yes.

See Ex. B.

In fact, the businesses are so separate, that they each have the ability to purchase, own, and operate their own separate facilities and equipment:

Deposition of the Corporate Representative of KapStone Paper and Packaging:

115

1 Q. Okay, and that's fair and we will get to that
2 in a second, but what I want to show you is Exhibit No.
3 10. This is a deed that you had looked at, I assume,
4 and I can hand you that copy.
5 (Plaintiff's Deposition Exhibit No.
6 10 was marked for identification.)
7 A. Yes.
8 Q. Okay, and you have seen this before, correct?
9 A. Yes.
10 Q. And what this deed indicates is that KapStone

11 Charleston Kraft LLC is the owner of the plant that we
12 are talking about, the one in Charleston, correct?
13 A. Yes.
14 Q. So Jacque Lucas is employed by KapStone Kraft
15 LLC, we know that, right?
16 A. Yes.
17 Q. And he works at a plant that is at least
18 according to the warranty deed owned by KapStone
19 Charleston Kraft LLC, correct?
20 A. Yes.
21 Q. The same with Jacque Lucas, I mean excuse me,
22 the same with Daniel Simerly, your understanding is he
23 is also an employee of KapStone Charleston Kraft LLC,
24 true?

116

1 A. Yes.
2 Q. And he also works at the plant owned by
3 KapStone Charleston Kraft LLC as shown in Exhibit 10,
4 correct?
5 A. Correct.

See id.

Furthermore, when referring to where a person is employed, the businesses are identified separately – not as a single KapStone entity.

Deposition of the Corporate Representative of KapStone Paper and Packaging:

133

16 Q. Well, if you wanted to be specific about whom
17 my clients work for, you would refer to them by their
18 employer?
19 A. Charleston.
20 Q. Right. The Charleston for short, correct?
21 A. Correct.

134

14 Q. Okay, fair enough. In any event there might
15 be from time to time where someone comes to you and
16 talks to you about an employee and refers to you as a
17 Charleston employee, correct?
18 A. Correct.

19 Q. And what you would take that to mean is he is
20 employed by Kapstone Charleston Kraft LLC, right, the
21 same as what we talked about earlier?
22 A. Correct.
23 Q. Okay. And when you say a Charleston employee
24 or a Kapstone Charleston Kraft LLC employee, a hundred

135

1 percent of the time it's going to deal with someone in
2 South Carolina for the Charleston area, right?
3 MR. WILLIS: Objection to form.
4 A. I believe so.

169

2 Q. All right. So let's go -- as far as W2s are
3 concerned, we talked about the different legal entities
4 between Kapstone Kraft Paper Corporation, Kapstone
5 Charleston Kraft LLC, and then your employer, Kapstone
6 Paper and Packaging Corporation. Are we on the same
7 page with those three entities so far?
8 A. Yes.
9 Q. Each one of them has a different federal tax
10 I.D. number, correct?
11 A. Correct.
12 Q. Each one of them issue separate W2s or
13 separate checks with their names on it, correct?
14 A. Correct.

See Ex. B.

KapStone Paper and Packaging, Inc. is a separate legal entity, both in legal filings, identification, and name recognition, from Plaintiffs' employer, KapStone Charleston Kraft, LLC. In fact, the KapStone Defendants in this case are a completely different form of legal entity -- specifically, a corporation -- compared to Plaintiffs' employer, which is a limited liability company. See *i.e.* Exs. E and F.

As the court in *Monroe* recognized as a first principle: "There are benefits to be derived by the parent corporation maintaining a separate identity from that of the subsidiary . . . [h]aving retained whatever benefits may be available to themselves as separate and distinct corporations,

associated corporations may be estopped to deny their separate existence.” *Monroe*, 531 F. Supp. at 432 (citing to 18 C.J.S. Corporations ss 105-115).

2. Considering the admittedly separate identities of these businesses, not only in the eyes of the law, but in the eyes of KapStone Paper and Packaging through the testimony of its representative, the KapStone entities are separate for purposes of the economic entity argument, and this factor weighs in favor of denying Defendants’ motion. **KapStone Paper and Packaging, Inc. began modifying their management system AFTER this incident to reflect one economic entity.**

Second, all evidence confirms that KapStone Paper and Packaging, Inc. did not function as one economic entity as referenced by the *Poch* case until *after* the incident that forms the basis of this suit. It is clear from the timing of the incident and the filing of the lawsuit that KapStone made a conscious decision to try and avoid liability in this case by merging the management of their businesses into a “Shared Services” department. However, and importantly, the critical time to evaluate the economic integration of the Defendants as compared to Plaintiffs’ employer is on the date of the incident – not eight (8) months later when Defendants were attempting to form a more integral management plan in an effort to satisfy the *Poch* factors.

KPPC testified to the timing of the changes below (keeping in mind the date of this incident was May 24, 2016:

Deposition of the Corporate Representative of KapStone Paper and Packaging:

18

8 Q. And then at some point you were given a new
9 title of vice president of Shared Services in January
10 2017.

11 A. Uh-huh.

12 **Q. Was that a new position that was created?**

13 **A. Yes.**

14 Q. So prior to January 2017 there was no Shared
15 Services department, fair?

16 A. Not formally there was no Shared Service
17 Department.

3 My question is pretty simple. Prior to
 4 January of 2017 at KapStone Paper and Packaging
 5 Corporation there was no Shared Services Department,
 6 correct?

7 A. Correct.

8 Q. In January of 2017, a position was created
 9 called the vice president of Shared Services at KapStone
 10 Paper and Packaging Corporation and you filled that
 11 role, true?

12 A. True.

8 Q. Okay. And what I understand is that at some
 9 point in time over the last year the thing started
 10 becoming more centralized, would you agree with that?

11 A. By design, yes.

12 Q. Right, by design. Kind of like your role of
 13 being appointed to a vice president of a shared systems,
 14 correct?

15 A. Correct.

16 Q. That was part of that process of moving to a
 17 centralized role, correct?

18 A. To be an integrated company, integrated
 19 packaging.

2 Q. Well, maybe I am saying it wrong. My
 3 understanding was as far as your title that you have,
 4 it's VP of Shared Services, correct?

5 A. Correct.

6 Q. And that title did not exist prior to January
 7 2017, correct?

8 A. Correct.

9 Q. And it was a title that was created for the
 10 first time in January 2017, correct?

11 A. Correct.

12 Q. Okay. As far as when we look through our
 13 documents and start to see actual evidence in the
 14 documentation related to this restructure, you would
 15 agree with me titles and positions started changing on
 16 January 1, 2017 along with yours, correct?

17 A. Correct.

See Ex. B.

In fact, the corporate entity went so far as to roll out an entirely new program in an attempt to appear more economically integrated in the months following the incident wherein Plaintiffs were horrifically burned.

Deposition of the Corporate Representative of KapStone Paper and Packaging:

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9 Q. Okay. Leadership One was this whole
10 centralized thing that came out with your new position
11 on January 1, 2017, correct?

12 A. Yes.

13 Q. Okay. Came out when they listed this new
14 list of officers and directors on January 1, 2017 as
15 well, correct?

16 A. Correct.

17 Q. It wasn't in existence prior to that,
18 correct?

21 A. Correct.

See *id.*

In *Strickland v. Textron, Inc.*, 433 F.Supp. 326 (D.S.C.1977), the plaintiff was injured while employed by “Talon Division of Textron, Inc.” After receiving workmen’s compensations as an employee of Talon, she sued Textron, Inc., alleging that it was the entity that caused her injury. The court dismissed the case on summary judgment, finding that “Talon has no board of directors and is not a separate corporate entity.” *Id.* at 328. The court further explained that prior to the date of plaintiff’s hiring by Talon Division of Textron, Inc. in 1970, “Talon Inc.” was a separate legal entity. *Id.* at 327. “On July 15, 1968 . . . Textron Inc. acquired all of the assets of Talon [Inc. and Talon Inc.] was dissolved with its operations being designated as the Talon Division of Textron Inc.” *Id.* The court concluded that “[t]his is not the case of an employee commencing work with only one employer only to have that employer change without her

knowledge. Here, plaintiff commenced her employment with the Talon Division of Textron, Inc. and was so employed on the date of the accident.” *Id.* at 329. The timing of the formation of this new “Leadership One” program is at the very least suspect, especially given the impending lawsuit KapStone became aware of in the months leading up to January 2017. Despite this curious timing, however, the important consideration to take into account, based upon a common-sense approach and the District Court’s holding in *Textron*, is the state of the entities on the date of the incident. It is clear from the testimony that the move to a more “integrated company” took place in 2017, over six months after Plaintiffs were burned.

Therefore, economic integration was not instituted until after the incident occurred. Under these circumstances, this Court, as a matter of common-sense and public policy, should not grant its imprimatur to the efforts of the Defendants, whether through purposeful circumvention or fortuitous coincidence, to escape liability by after-the-fact modification of corporate structures.

3. The two businesses transact business from different locations under different managers.

Third, the KapStone Defendants and KapStone Charleston Kraft operate their completely separate businesses from different locations, and under the direct supervision of different managers. In fact, those managers that work for KapStone Charleston Kraft work **exclusively** for Charleston, and manage KapStone Charleston employees located in Charleston, to the total exclusion of any other KapStone entity or location.

Deposition of the Corporate Representative of KapStone Paper and Packaging:

130

20 Q. Okay. As far as who the managers are at
21 Kapstone Charleston Kraft LLC -- well, let me back up.
22 **My understanding is there are managers at Kapstone**
23 **Charleston Kraft LLC that are employed at the mill that**
24 **do help transact business, is that right?**

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1 A. Yes.

132

9 Q. Okay. Or -- okay. You agree with me that
10 Kapstone Charleston Kraft LLC operates exclusively in
11 Charleston, correct?

12 MR. WILLIS: Objection to the form.

13 A. Can you define operates?

14 Q. Okay. What I mean is they have one plant in
15 Charleston, right?

16 A. Correct.

17 Q. Okay. They have all of the employees of
18 Kapstone Charleston Kraft LLC are located in Charleston
19 or surrounding areas, right?

20 A. Correct.

21 Q. They work at the plant in Charleston?

22 A. Correct.

23 Q. As far as they might supply paper and
24 packaging to other locations, but as far as where it's

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1 generated, it's generated there?

2 A. Correct.

3 Q. The work product they make related to -- the
4 work product they make related to packaging and paper is
5 there at that location for those employees at KapStone
6 Kraft LLC, fair?

7 A. Fair.

See Ex. B.

Considering KapStone Paper and Packaging operates with its own managers in Northbrook, Illinois, and KapStone Charleston Kraft operates its own business, supervised by its own managers in Charleston, South Carolina, to the complete exclusion of any other location or employees, this factor weighs in favor of denying Defendants' motion to dismiss.

4. The two businesses hire and pay their own employees.

Similar to the third factor in the *Poch* analysis, KPPC hires, pays, and fires their employees in Illinois, whereas KapStone Charleston hires, pays, and fires their own employees in Charleston,

SC. KPPC testified that it does not fire the employees – like Plaintiffs in this case – down at Charleston’s facility. Instead, those hiring and firing decisions are made by KapStone Charleston employees and management. Additionally, KPPC had no part in entering a collective bargaining agreement with Plaintiffs’ union, through which they were employed. All decisions with regards to hiring, firing, and payment are dealt with exclusively at the Charleston facility by KapStone Charleston employees.

Deposition of the Corporate Representative of KapStone Paper and Packaging:

109

5 Q. Okay. Before we get started I wanted to ask
6 you a few questions about, let's just start here, your
7 employer is KapStone Paper and Packaging Corporation,
8 correct?

9 A. Yes.

10 Q. Okay. KapStone Charleston Kraft LLC has its
11 own employees as well, correct?

12 A. Correct.

13 Q. And KapStone Kraft Paper Corporation has its
14 own employees as well, correct?

15 A. Correct.

16 Q. All are separate employers of individuals,
17 true?

18 A. Yes.

137

20 Q. Are you aware of any employees at the
21 Charleston Plant who are employed by Kapstone Paper and
22 Packaging Corporation? Can you name me one?

23 A. I cannot.

153

9 Q. Enters into the agreement like an individual
10 who is in charge of it. Let me back up. Kapstone
11 Charleston LLC we are familiar so far, right?

12 A. Yes.

13 Q. It enters into a Collective Bargaining
14 Agreement with a union, correct?

15 A. Yes.

16 Q. There should be representatives on both sides

17 or people involved in that process, fair?
18 A. Yes.
19 Q. Do you know who that is?
20 A. I believe Gary Pairfencik (Phonetically).
21 Q. Pairfencik?
22 A. Pairfencik, I don't know how to spell it.
23 **Q. And that's fine. Gary Pairfencik and he**
24 **would be the person on behalf of Kapstone Charleston**

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1 **Kraft LLC?**
2 **A. He negotiated the agreement.**
3 **Q. On behalf of Kapstone Charleston Kraft LLC?**
4 **A. Yes.**
5 Q. Okay. And then do you know the name of the
6 union representative who negotiated on the other side?
7 A. I do not.

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7 Q. Okay. And what you are saying your personal
8 knowledge that you have regarding what managers are
9 allowed to do is based on your experience as a KapStone
10 Paper and Packaging Corporation manager located here in
11 North Bridge (sic) Illinois, fair?
12 A. Yes.
13 Q. You don't have any experience or any exposure
14 as a Kapstone Paper and Packaging Corporation manager at
15 any other location than this one in Chicago, fair?
16 A. Yes.
17 **Q. You have never hired or fired anyone at any**
18 **other location other than KapStone Paper and Packaging**
19 **Corporation, fair?**
20 **A. Yes.**
21 **Q. Okay. You have never hired or fired a**
22 **Kapstone Charleston Kraft LLC employee, true?**
23 **A. True.**
24 Q. And as far as what goes into that or how it's

270

1 done or who does it, that's never something that you
2 personally have been involved in, fair?
3 MR. WILLIS: Objection to form.
4 BY MR. FINDLEY:
5 Q. Yes?
6 A. Yes.

- 9 Q. Okay. The ones you just named, all the
 10 employee -- each one of those that you named has their
 11 own set of the employees, fair?
 12 A. They have employees.
 13 Q. Okay.
 14 A. People are employed by those entities, yes.

See Ex. B.

Because KapStone Paper and Packaging hires, fires, and pays its own employees, to the exclusion of KapStone Charleston which hires, fires, and pays its own employees, this factor weighs in favor of denying Defendants' motion to dismiss.

5. The two businesses hold themselves out as two separate identities.

Not only are KPPC and KapStone Charleston two separate and distinct legal entities, but as referenced above in overlapping factor arguments, the two entities were identified internally, and to the public, as two separate entities. Employees would receive W-2's and paychecks identifying them as being employed by either one company or another -- not all as employees of a singular KapStone entity. *See i.e.* Exs. G and H.

Deposition of the Corporate Representative of KapStone Paper and Packaging:

- 19 Q. Now, your paychecks would, do your paychecks
 20 actually say KapStone Paper and Packaging Corporation,
 21 right?
 22 A. Yes.

- 4 Q. Fair enough. What you are saying is that the
 5 W2s, if an individual is employed by KapStone Charleston
 6 Kraft LLC, his W2 will reflect that entity, correct?
 7 A. Yes. Yes.
 8 Q. The W2 will not say Kapstone Paper and
 9 Packaging Corporation, correct?
 10 A. Yes.

110

- 19 Q. 2016 W2 for Jacque Lucas as we see indicating
20 KapStone Charleston Kraft LLC, correct?
21 A. Yes.
22 Q. Now, your W2 would say KapStone Paper and
23 Packaging Corporation, fair?
24 A. Yes.

111

- 1 Q. Okay. Now, there are other W2s out there
2 that would say if someone is employed by that entity
3 would say KapStone Kraft Paper Corporation, correct?
4 A. Yes.

112

- 12 Q. Exhibit No. 9 would be a, there is a copy of
13 a check at the bottom, correct?
14 A. Yes.
15 Q. The entity listed on that check being paid to
16 Jacque Lucas is KapStone Charleston Kraft, correct?
17 A. Yes.
18 Q. The same as his W2 KapStone Charleston Kraft,
19 correct?
20 A. Yes.

112

- 12 Q. Exhibit No. 9 would be a, there is a copy of
13 a check at the bottom, correct?
14 A. Yes.
15 Q. The entity listed on that check being paid to
16 Jacque Lucas is KapStone Charleston Kraft, correct?
17 A. Yes.
18 Q. The same as his W2 KapStone Charleston Kraft,
19 correct?
20 A. Yes.

See Ex. B.

Additionally, it is clear that KapStone Charleston employees consider themselves to be employed by Charleston, and identify as such. Furthermore, KapStone Charleston employees are only found in the Charleston plant, which is owned and operated by KapStone Charleston.

Deposition of the Corporate Representative of KapStone Paper and Packaging:

113

20 Q. Okay. Have you ever come across a KapStone
21 Charleston Kraft LLC employee at any location other than
22 the Charleston mill?

23 A. We speak of it in terms of location numbers
24 and acronym, so we do have employees. The question is

114

1 do we have Charleston employees at a different location?

2 **Q. Correct. Is whether you have KapStone**
3 **Charleston Kraft LLC employees at locations other than**
4 **the plant in Charleston?**

5 **A. I don't believe so.**

165

15 Q. Okay. Fair enough. I am just going through
16 to get a recap of what we talked about. Kapstone
17 Charleston Kraft LLC where my employer worked, those
18 individuals with that employer would work at the North
19 Charleston mill, correct?

20 A. Yes.

21 Q. They would have positions other than
22 management and IT. It could be things like mechanic
23 like my client was, right?

24 A. Yes.

234

18 **Q. Okay, and I understand that you are**
19 **considered corporate. Okay. So you are saying -- when**
20 **we talk about corporate, if you were to describe your**
21 **employment, okay, you would say I work for corporate,**
22 **would you agree?**

23 **A. Yes.**

24 **Q. Okay. And when people refer to corporate**

235

1 **they are talking about Kapstone Paper and Packaging**
2 **Corporation, correct?**

3 **A. We are talking about Northbrook.**

4 Q. Okay. Well, you don't work for Northbrook,
5 you work for KapStone Paper and Packaging Corporation?

6 A. Yes.

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22 Q. Okay. Well, let's do it this way. We

23 already talked about payroll for Kapstone Charleston
24 Kraft LLC. They get a, if you want a hard check with

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1 KapStone Charleston Kraft LLC, you can receive it,
2 correct, receive a copy of it?
3 A. Yes.
4 Q. Okay. The same with their W2s, it has a
5 separate legal entity of Kapstone Charleston Kraft LLC,
6 correct?
7 A. Yes.
8 Q. Of those entities you just read, they are all
9 separate and distinct legal entities, correct?
10 A. Correct.
11 Q. Okay. Each one of those that you read the
12 employees for those particular entities receive a check
13 with their respective entity on there, their employer?
14 A. Yes.
15 Q. Okay. And that would be true whether it
16 comes as direct deposit or whether it comes as a hard
17 check because their W2s list their distinct employer as
18 well, correct?
19 A. Correct.

See Ex. B.

Considering the businesses are held out to the public and to their own employees as being two separate entities, this factor weighs in favor of Plaintiffs' motion to dismiss.

6. The two businesses engage in different business activities.

As discussed briefly above, KapStone Paper and Packaging performs completely different business activities from those performed by KapStone Charleston. In fact, KapStone Paper and Packaging is not in the business of manufacturing or selling paper products whatsoever. This factor weighs strongly in favor of denying Defendants' motion to dismiss.

Deposition of the Corporate Representative of KapStone Paper and Packaging:

39

13 Q. All right. Would you agree with me that
14 KapStone Paper and Packaging does not manufacture or
15 sell paper products?

16 A. I agree.
17 Q. Do you agree with me that KapStone Charleston
18 Kraft LLC does manufacture and sell paper products?
19 A. I agree.

88

23 Q. Okay. You would agree with me and we talked
24 about it earlier that KapStone Paper and Packaging

89

1 Corporation does not manufacture paper products, it does
2 not sell paper products, fair?
3 A. Fair.

89

12 One is in the business of selling and
13 manufacturing paper products and one is not, true?
14 MR. WILLIS: Object to the form of the question.
15 A. True.

166

4 Q. KapStone Paper and Packaging Corporation is a
5 different entity, it's your employer, correct?
6 A. Correct.
7 Q. Okay. And your employer would have under 200
8 people that it employs, correct?
9 A. I would like to confirm that, but yes.
10 Q. Give or take a few, right?
11 A. Yes.
12 Q. And of those 200 give or take that your
13 employer employs including yourself, none of those job
14 duties or descriptions would include turning wrenches or
15 doing maintenance inside a plant, fair?
16 A. I believe so, yes.
17 Q. Okay. And that's all I am getting at, as far
18 as my client's employer and his job descriptions they
19 would be different than say your employers which is
20 KapStone Paper and Packaging Corporation, fair?
21 A. Fair.

160

14 Q. Okay. Of the under 200 people that work at
15 actually employed by KapStone Paper and Packaging
16 Corporation, we are together so far?
17 A. Yes.
18 Q. You know what people I am talking about now?

19 A. Kapstone Paper and Packaging employees.
20 Q. Okay, right. Of those, under those 200
21 people, do any of them do, actually work the job that my
22 client works meaning a mechanic at a mill for the paper
23 manufacturing and selling?
24 A. No.

161

1 Q. Okay. None of them do, right?
2 A. Correct.

162

6 Q. Just for using an example for you, more
7 manual labor, performance of duties in the field, no one
8 at KapStone Paper and Packaging Corporation, the under
9 200 people employees actually perform the work in the
10 field, fair?
11 A. Yes.

See Ex. B.

Defendants, in passing, profess that they are “statutory employers” of Plaintiffs pursuant to SC Code Ann. §42-1-410.² Defendants’ Amended Motion to Dismiss, para. 6. But, the South Carolina Supreme Court in *Poch* concluded that applying the “statutory employer” test (founded on a contractor/subcontractor relationship) in a parent-subsidiary relationship (as is present in this case) is “an incorrect legal standard.” *Poch*, 405 S.C. at 370. Rather, the Court “recognize[d]” that the “correct approach” in assessing immunity in a parent-subsidiary relationship “is the one found in *Monroe v. Monsanto Company*, 531 F.Supp. 426 (D.S.C.1982).” *Poch*, 405 S.C. at 371.

² “When any person, in this section and §§ 42–1–420 to 42–1–450 referred to as “contractor,” contracts to perform or execute any work for another person which is not a part of the trade, business or occupation of such other person and contracts with any other person (in this section and §§ 42–1–420 to 42–1–450 referred to as “subcontractor”) for the execution or performance by or under the subcontractor of the whole or any of the work undertaken by such contractor, the contractor shall be liable to pay to any workman employed in the work any compensation under this Title which he would have been liable to pay if that workman had been immediately employed by him.”

Even if this Court were to apply this errant contractor/subcontractor statutory employer test, Defendants would still not qualify for immunity.³ Charleston's business activities are restricted to the manufacturing and sale of paper products – something Defendants do not do. Defendants' actual employees engage in "office" work and none of them engage in anything close to resembling the hard and manual labor within the paper mill that Plaintiffs were employed to conduct. And, as Defendants did not engage in paper manufacturing or selling, the work done by Plaintiffs was, by definition, not something that was an essential part of Defendants' business activities. *See also Fortner v. Thomas M. Evans. Const. and Development, LLC*, 402 S.C. 421, 431-32 (2013).

Not only are the types of business completed by each entity different, **KapStone Paper and Packaging was not even permitted to perform business in the state of South Carolina at the time of this incident.** *See* Exhibits I and J. It was not until after the corporate representative deposition of Ms. Hulseman took place that KPPC began attempting to renew their ability to perform work in South Carolina.

Deposition of the Corporate Representative of KapStone Paper and Packaging:

179

5 Q. Do you have any idea why your employer,

³ In determining whether an employee is engaged in activity that is 'part of [the owner's] trade, business, or occupation' as required under section 42–1–400, this Court has applied three tests." *Olmstead v. Shakespeare*, 354 S.C. 421, 424, 581 S.E.2d 483, 485 (2003). "The activity is considered 'part of [the owner's] trade, business, or occupation' for purposes of the statute if it (1) is an important part of the owner's business or trade; (2) is a necessary, essential, and integral part of the owner's business; *or* (3) has previously been performed by the owner's employees." *Id.* "If the activity at issue meets even *one* of these three criteria, the injured employee qualifies as the statutory employee of 'the owner.'" *Id.*

Poch v. Bayshore Concrete Prod./S.C., Inc., 405 S.C. 359, 368(2013)(revisions and emphasis in original).

6 KapStone Paper and Packaging Corporation, forfeited its
7 existence in 2015 with the Secretary of State in South
8 Carolina?

9 MR. WILLIS: Objection to form.

10 A. I don't.

179

16 Q. This is your employer, correct, KapStone
17 Paper and Packaging Corporation?

18 A. Yes.

19 Q. Okay. And it says dissolved date June 16,
20 2015, do you see that on the right side?

21 A. Yes.

22 Q. At least according to the Secretary of State
23 based on this document your employer is not registered
24 to do business in the State of South Carolina, fair?

180

1 MR. WILLIS: Objection to form.

2 A. I am not familiar with the form, but I
3 believe so.

4 MR. FINDLEY: It says what it says, right?

5 A. Yes. Yes.

See Ex. B.

In *Monroe*, the District Court found that it was relevant to consider, in finding that two corporations were separate economic entities for workers' compensation immunity purposes, that one of the companies had, as is the case here, "surrendered its previously granted authority to transact business in [South Carolina]." *Monroe*, 531 F. Supp. at 431 (D.S.C. 1982).

It is indisputable in this case that KPPC and Charleston performed completely different business operations, and therefore, are not one economic entity for purposes of workers' compensation and the *Poch* factors. Any argument to the contrary would require the ignoring of hundreds of pages of testimony in this case. Therefore, Plaintiff requests Defendants' motion be denied.

7. The two businesses maintained separate records.

Finally, although possibly repetitive of previous factors, KPPC and Charleston maintained separate records, including operations documents, payroll documents, and employee files, to name a few. The separation of business records is yet another factor that weighs heavily in Plaintiffs' favor in this case, and mandates denial of Defendants' motion.

Deposition of the Corporate Representative of KapStone Paper and Packaging:

157

19 Q. And let's just take Kapstone Charleston
20 Kraft, for instance. Okay, if you are employed by them
21 and you wanted to pick up a Kapstone Charleston Kraft
22 LLC check, you would drive to the Charleston location to
23 get it, correct?
24 A. I would have to check what we are doing

158

1 today.
2 Q. I'm not -- well, today, when you did this job
3 in 2014, surely the people who are employed at Kapstone
4 Charleston Kraft LLC in Charleston could pick up their
5 checks at the Charleston mill, correct?
6 A. Correct.

17 Q. Okay. As far as if you wanted to pick up a
18 check for KapStone Paper and Packaging Corporation, your
19 employer, right, you would drive to the Chicago location
20 where you are employed, correct?
21 A. Correct.

172

14 Q. If I wanted to know where his entire
15 employment file was located based on your experience of
16 working there since 2008, would you say that it would be
17 at the Charleston mill location?

18 A. I believe so, yes.

19 Q. Okay. And based on your experience of
20 working here for Kapstone Paper and Packaging
21 Corporation, employment files for all the various
22 entities over the United States are not located here,
23 correct?

24 MR. WILLIS: Objection to form.

1 A. I do not believe so.

9 Q. Okay. And they would have separate payroll
10 as well meaning they have payroll checks with their
11 entity name on it, correct?

12 A. Yes.

13 Q. Okay. It wouldn't say KapStone Paper and
14 Packaging Corporation, true?

15 A. Yes.

See Ex. B.

It is clear from the unequivocal testimony in this case that not only KPPC and KapStone Charleston Kraft hold themselves out as separate entities, they are in fact, completely separate, distinguishable entities for all purposes, including economic. Charleston's separate business, run by separate managers, for a different and separate business purpose cannot be considered the same entity as the KapStone Defendants for purposes of workers' compensation.

Furthermore, to the extent that Defendants seek to present evidence that competes or contradicts the prior sworn testimony of Hulseman, they should be estopped from doing so. *See generally Cothran v. Brown*, 357 S.C. 210, 217, 592 S.E.2d 629, 633 (2004).⁴

D. Plaintiffs Do Not Receive a Double Recovery if Defendants Remain in the Case.

As a last-ditch argument, Defendants claim that somehow Plaintiffs are unable to maintain a cause of action against KapStone Paper and Packaging and KapStone Kraft Paper because by

⁴ At Section I in their September 22, 2017, Brief in Support of Their Rule 12(b)(1) Motion to Dismiss, Defendants cite to a "final additional factor" – the right of a parent entity to "close down" a subsidiary, purportedly recognized by the South Carolina Court of Appeals in *Mickle v. Boyd Brothers' Transportation, Inc.* No. 1025-UP-068, 2015 WL 576711, at *2 (Ct. App. Feb. 11, 2015). That was an unpublished order though and "ha[s] no precedential value." Rule 268(d)(2), South Carolina Appellate Court Rules. Even if this is an additional factor for this court's consideration, it is but one of many, and standing alone, is not controlling nor dispositive.

doing so, Plaintiffs would receive a double recovery from workers' compensation and this third party lawsuit. However, this is clearly not true, as Defendants are surely aware that the workers' compensation carrier administering benefits to Plaintiffs in this case are an intervening party in this litigation, seeking reimbursement of the benefits they have paid to Plaintiffs prior to any recovery by Plaintiffs.

As a matter of statutory law in South Carolina, an "injured employee . . . shall be entitled to receive [Workers'] compensation and other benefits provided by this title and to enforce by appropriate proceedings his . . . rights against [a liable] third party." SC Code Ann. §42-1-560(b) (emphasis added).

SC Code Ann. §42-1-560 explicitly prevents the harm of "allowing employees to obtain an impermissible double recovery" that the Defendants advocate will result if Plaintiffs are allowed to move forward with their suit against them.⁵ "§ 42-1-560 is a subrogation statute. The injured employee may bring an action against a third-party tortfeasor in order to recover from the ultimate wrongdoer under § 42-1-560(b)." *Breeden v. TCW, Inc./Tennessee Exp.*, 355 S.C. 112, 118, 584 S.E.2d 379, 382 (2003). "In such case the [Workers' Compensation] carrier shall have a lien on the proceeds of any recovery from the third party . . ." § 42-1-560(b). "Workers' compensation benefits do not include all the various types of damages that may be recovered in a personal injury suit against a third party tortfeasor. . . For example, in a personal injury suit, the loss compensable in a personal injury action includes such elements as pain and suffering, disfigurement, medical expenses, and lost earning capacity." *Breeden*, 355 S.C. at 118 (internal quotations and citations omitted).

⁵ Defendants' Brief in Support of Their Rule 12(b)(1) Motion to Dismiss, September 22, 2017, page 3.

“The policy issues surrounding subrogation in a workers’ compensation setting include imposing the burden of payment upon the actual wrongdoer, and avoiding double recovery for the injured employee.” *Breeden v. TCW, Inc./Tennessee Exp.*, 355 S.C. 112, 118, 584 S.E.2d 379, 382 (2003). As Defendants themselves admit, “Kapstone Paper has a statutory lien against any recovery by Plaintiffs” based on the workers’ compensation benefits already received by Plaintiffs.⁶ Defendants’ arguments on this point are themselves inconsistent and any suggestion that Plaintiffs will somehow be entitled to double recovery in this case goes against the clear weight of South Carolina law.

E. Defendants Failed to Meet their Heavy Burden under Rule 12(b)(6).

Finally, while not the subject of the same extensive briefing as their Rule 12(b)(1), SCRCP Motion to Dismiss, Defendants also propound a theory of dismissal founded on Rule 12(b)(6).

As the Court is well aware, a motion to dismiss on Rule 12(b)(6) grounds must not be sustained if the facts alleged and the inferences reasonably deducible from the pleadings would entitle the plaintiff to relief on any theory of the case. *Brown v. Leverette*, 291 S.C. 364, 353 S.E.2d 697 (1987); *McCormick v. England*, 328 S.C. 627, 494 S.E.2d 431 (Ct.App.1997). As opposed to a jurisdictional motion,

Generally, in considering a 12(b)(6) motion, the trial court must base its ruling solely upon allegations set forth on the face of the complaint. *Stiles v. Onorato*, 318 S.C. 297, 457 S.E.2d 601 (1995). The 12(b)(6) motion may not be sustained if the facts alleged and inferences therefrom would entitle the plaintiff to any relief on any theory.

Baird v. Charleston Cty., 333 S.C. 519, 527, 511 S.E.2d 69, 73 (1999).

⁶ Defendants’ Brief in Support of Their Rule 12(b)(1) Motion to Dismiss, September 22, 2017, page 9.

The question to be considered in ruling on a 12(b)(6) motion is whether, in the light most favorable to the plaintiff, the pleadings articulate any valid claim for relief. *Toussaint v. Ham*, 292 S.C. 415, 357 S.E.2d 8 (1987); *Cowart v. Poore*, 337 S.C. 359, 523 S.E.2d 182 (Ct.App.1999).

In their Amended Complaint in this case, Plaintiffs allege that the Defendants “provide consulting and other services to Plaintiffs’ employer to develop, supervise, and implement safety procedures and comply with applicable regulations and/or standards at the subject facility.” Amended Complaint, para. 20. The Plaintiffs further assert that the Defendants had “a duty to but failed to identify the dangers inherent in the process of cleaning the vessel” (*Id.* at para. 21) and that through their errors or omissions, were the proximate cause of the terrible injuries suffered by the Plaintiff. *Id.* at para. 22. Plaintiffs’ First Cause of Action sets forth allegations of negligence, gross negligence, and recklessness against the Defendants based on these allegations.

In putting forth their Rule 12(b)(6) motion, Defendants assert that the “general allegations” contained within the Plaintiffs’ Complaint are “insufficient as a matter of law to give rise to an independent duty owed to these Plaintiffs.” Defendants’ Motion to Dismiss, para. 12. Defendants fail to offer any law to support such a favorable reading of Rule 12(b)(6). The Defendants attempt to pigeonhole Plaintiffs’ allegations into set legal theories, but forget that for purposes of Rule 12(b)(6) *any* legally cognizable theory will suffice.

Defendants’ arguments on this point are more appropriate in a Motion for Summary Judgment under Rule 56, SCRCP. But, as discovery on the merits has not yet even begun, much less completed, converting this to a Motion for Summary Judgment at this time is inappropriate. *Baird v. Charleston Cty.*, 333 S.C. at 529 (“summary judgment must not be granted until the opposing party has had a full and fair opportunity to complete discovery”).

VII.

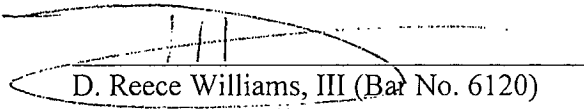
Conclusion

Wherefore, Plaintiffs request that the Court grant its motion and enter an order denying Defendants' Motion to Dismiss.

This 24th day of May, 2019.

Respectfully submitted,

CALLISON TIGHE & ROBINSON, LLC



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ATTORNEYS FOR PLAINTIFFS

2017 CP 10 838

RULE 11 AFFIRMATION

- ☐ In accordance with Rule 11 (SCRCP), I affirm that I have communicated with opposing counsel and have attempted in good faith to resolve the matter contained in this motion.
- ☒ I have not communicated with opposing counsel because of my belief consultation would serve no useful purpose.

Sign: _____

Ian T. Duggan (Bar No. 80074)

FILED
2019 MAY 24 AM 9:49
JULIE J. ARMSTRONG
CLERK OF COURT
RY

EXHIBIT

“A”

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	FOR THE NINTH JUDICIAL CIRCUIT
	)	
Jacque Lucas, Shirley Ann Lucas and	)	CIVIL ACTION #: 2017-CP-10-00838
Daniel Simerly,	)	
	)	
<i>Plaintiffs,</i>	)	
	)	
vs.	)	
	)	
KapStone Paper and Packaging	)	Affidavit of Kelly Hulseman
Corporation, KapStone Kraft Paper	)	
Corporation, Safway Group Holdings,	)	
LLC, Easy Way Insulation Co., Inc.,	)	
Sypris Technologies, Inc. f/k/a	)	
Tube-Turns Technologies, Inc.,	)	
Thompson Construction Group, Inc.	)	
and Thompson Industrial Services, LLC,	)	
	)	
<i>Defendants.</i>	)	

1. I, Kelly Hulseman, am the Vice President of Shared Services at KapStone Paper and Packaging Corporation ("KapStone Paper"). I work at KapStone Paper's headquarters at 1101 Skokie Boulevard, Northbrook, Illinois. I am a resident of Illinois.
2. I have personal knowledge of the facts and documents described herein, or where noted I am providing information based on my understanding and good-faith belief, having been informed of the basic facts and issues in question in this lawsuit.
3. Plaintiffs Jacque Lucas and Daniel Simerly are employed by KapStone Charleston Kraft, LLC ("KapStone Charleston") and filed workers' compensation claims that I understand have so far resulted in a payout of over \$3,500,000. I understand that the claims remain open, continue to incur costs, and are subject to ongoing adjudication in the workers' compensation forum.

4. KapStone Paper procured, paid the premiums for, and is the policyholder of the workers' compensation policy ("Policy"), issued by Sentry Insurance, that insures KapStone Paper, KapStone Kraft Paper Corporation ("KapStone Kraft"), KapStone Charleston, and other KapStone entities. This is the Policy that covers the injuries at issue here. The Declaration Page from that Policy is attached as Exhibit A.
5. KapStone Paper paid a deductible under the Policy in the amount of \$250,000 toward Plaintiffs' workers' compensation claims.
6. KapStone Paper is a publicly traded corporation and is the ultimate parent corporation of numerous direct and indirect wholly-owned subsidiaries, including KapStone Kraft and KapStone Charleston.
7. KapStone Charleston and KapStone Kraft manufacture and sell certain paper products, including unbleached Kraft paper and containerboard. Both entities generally use similar processes and types of equipment to conduct these activities.
8. KapStone Paper does not manufacture or sell paper products itself, but it provides support and oversight to the operations of certain subsidiaries, including KapStone Kraft and KapStone Charleston.
9. KapStone Charleston is a Limited Liability Company (LLC) and is wholly owned by KapStone Kraft. KapStone Kraft is the sole managing member of KapStone Charleston.
10. KapStone Kraft is wholly owned by KapStone Paper.
11. KapStone Paper, KapStone Kraft, and KapStone Charleston are each headquartered in the same location: 1101 Skokie Boulevard, Suite 300, Northbrook, Illinois.
12. KapStone Kraft and KapStone Charleston share the same five officers, all of whom are also officers of KapStone Paper. The five officers consist of: (1) Executive Chairman, (2)

Chief Executive Officer, (3) President, (4) Vice President, Treasurer, Chief Financial Officer, and (5) Secretary. All of the officers of each entity are located at the headquarters and perform senior-level management of each entity's business operations. KapStone Kraft has two directors who are both directors of KapStone Paper. A list of the officers and directors of KapStone Paper, KapStone Kraft, and KapStone Charleston is attached as Exhibit B.

13. KapStone Charleston does not have any directors because it is a Limited Liability Company and instead has a sole managing member, which is Kapstone Kraft.
14. KapStone Charleston does not have the authority to sell or dissolve itself. The sale or dissolution of KapStone Charleston would require the consent of KapStone Kraft to take either action, and KapStone Paper, as the sole shareholder of KapStone Kraft, possesses the right, but not the obligation, to direct KapStone Kraft to do so. An organizational chart showing the structure among KapStone Paper, KapStone Kraft and KapStone Charleston is attached as Exhibit C.
15. Approximately 20 employees of KapStone Charleston report directly to managers at KapStone Kraft or KapStone Paper, and approximately 5 employees of KapStone Kraft report to managers at KapStone Paper.
16. KapStone Kraft employs over 20 managers who work at or perform work for KapStone Charleston. They include managers of operations, communications, process optimization, sourcing, procurement, technical sales, research and development, production planning, marketing, public affairs and communications, product stewardship, and the mill system supply chain, among others.
17. KapStone managers have hiring and firing authority over all of their direct reports.

18. KapStone Paper provides strategic direction and shared services, including integrated accounting, cash management, payroll management, employee-benefit services, and insurance programs to KapStone Kraft and KapStone Charleston.
19. KapStone Paper and several subsidiaries, including KapStone Kraft and KapStone Charleston, are parties to a consolidated receivables securitization program in which the account receivables travel through a special-purpose receivables vehicle and ultimately end up in a KapStone Paper account.
20. The integrated accounting system and cash management system include accounts receivable and accounts payable.
21. KapStone Paper collects receivables from the operations of KapStone Kraft and KapStone Charleston. These receivables are ultimately swept into bank accounts in the name of KapStone Paper. Neither KapStone Kraft nor KapStone Charleston possess or manage cash, except for the limited purpose of international transactions. KapStone Paper uses the receivables it collects to pay for expenses for KapStone Charleston and KapStone Kraft, including payroll, employee benefits and all accounts payable.
22. KapStone Paper procures, sponsors, administers, and pays for all employee payroll and benefits for employees of KapStone Kraft and KapStone Charleston. This includes payroll, 401(k) plans, health insurance policies, disability benefits, deferred compensation plans, management incentive plans, life insurance policies, unemployment insurance, and employee assistance program benefits.
23. KapStone Paper procures, pays for, is the policyholder of, and administers all insurance policies for KapStone Kraft and KapStone Charleston.

24. Most contracts and purchases for KapStone Charleston require legal review and formal approval from managers at KapStone Paper or KapStone Kraft.
25. KapStone Paper maintains consolidated financial records that incorporate data from KapStone Kraft and KapStone Charleston. These consolidated records are filed annually with the U.S. Securities and Exchange Commission.
26. KapStone Paper files an annual consolidated federal tax return with the Internal Revenue Service that includes KapStone Kraft and KapStone Charleston. KapStone Charleston is considered a “disregarded entity” for tax purposes because of its status as a Limited Liability Company.
27. KapStone Paper, KapStone Kraft, and KapStone Charleston use the same trademark in their day-to-day business. Standard business documents used by KapStone Paper, KapStone Kraft, and KapStone Charleston, such as letterhead, internal communications, email addresses and signatures, invoices and checks, display the “KapStone” designation.
28. Standard employment documents used by KapStone Paper, KapStone Kraft, and KapStone Charleston, such as job applications, forms for employee background checks, offer letters, new-hire paperwork, benefit documents, and general employment policies, including the Employee Handbook and KapStone Code of Conduct, also display the “KapStone” designation.
29. KapStone Paper implements numerous policies that apply to KapStone Kraft and KapStone Charleston, including an employee handbook that applies to all non-bargained (non-union) employees, the KapStone Code of Conduct, information-technology policies, antitrust and anti-bribery policies, and policies regarding contract review, purchasing authorization, and signing authority.

30. KapStone Paper, KapStone Kraft, and KapStone Charleston share an Internet domain, a cloud-based email system, a universal internal help-desk number, and a centralized technology budget.
31. The above-recited information is true and correct, to the best of my knowledge and belief.

This 20th day of September 2017.

Kelly Hulseman
Kelly Hulseman
Vice President of Shared Services
KapStone Paper and Packaging Corporation

Sworn to before me this 20th day of September 2017.
Renée Juvan

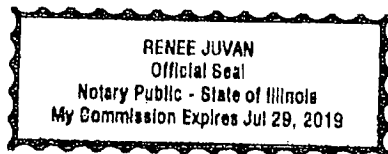


Exhibit A



SENTRY CASUALTY COMPANY
STEVENS POINT, WISCONSIN
(A PARTICIPATING STOCK COMPANY)
A MEMBER OF THE SENTRY FAMILY OF INSURANCE COMPANIES

Carrier Code No. 37877

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
INFORMATION PAGE

ITEM	CORP.	RENEWAL OF	POLICY NUMBER
1. INSURED NAME AND ADDRESS:			90-16567-04 00 151
KAPSTONE PAPER AND PACKAGING CORPORATION			90-16567-04 00 141
1101 SKOKIE BLVD., SUITE 300			PRODUCER 90171105
NORTHBROOK	IL 60062		MARSH USA INC
			540 W MADISON ST
			CHICAGO, IL 60661
			312-627-6000

Phone Number (847) 441-1805

1st Named Insured Federal ID 202699372

See Schedule of Entities for Other Insured Entities

Other workplaces not shown above:
See Schedule of Entities and Locations

2. POLICY PERIOD:
This policy period is from 07-01-2015 TO 07-01-2016, 12:01 A.M., Standard time at the Insured's mailing address.

3. COVERAGE

A. Workers Compensation Insurance: Part One of the policy applies to the workers compensation law of the states listed here:

ALABAMA	ARIZONA	CALIFORNIA
COLORADO	CONNECTICUT	FLORIDA
GEORGIA	IDAHO	ILLINOIS
INDIANA	IOWA	KENTUCKY
MASSACHUSETTS	MICHIGAN	MINNESOTA
MISSISSIPPI	MISSOURI	NEVADA
NEW JERSEY	NEW YORK	NORTH CAROLINA
OREGON	PENNSYLVANIA	SOUTH CAROLINA
TENNESSEE	TEXAS	UTAH
VIRGINIA		

B. Employers Liability Insurance: Part Two of the policy applies to work in each state listed in Item 3.A. The limits of our liability under Part Two are:

Bodily Injury by Accident	\$ 1,000,000 each accident
Bodily Injury by Disease	\$ 1,000,000 each employee
Bodily Injury by Disease	\$ 1,000,000 policy limit

C. Other States Insurance: Part Three of the policy applies in all states except those listed in Item 3.A., and the following:
ND NE OH WA WI WY

D. This policy includes these Endorsements and Schedules:

WC 00 00 00C 0115	WC 00 03 10 0484	WC 00 03 11A 0891
WC 00 03 13 0484	WC 00 04 03 0484	WC 00 04 14 0790
WC 00 04 19 0101	WC 00 04 21D 0115	WC 00 04 22B 0115
WC 02 06 01 0586	WC 04 03 01B 0112	WC 04 03 60A 1199
WC 04 04 21 0108	WC 04 06 01A 1293	WC 04 06 03A 0107
WC 05 04 02 1190	WC 05 04 03 0393	WC 05 04 04 0112
WC 06 03 01 0484	WC 06 03 03C 0711	WC 06 06 01 0103
WC 09 03 03 0805	WC 09 04 02 1088	WC 09 04 03D 0115
WC 09 04 07 0713	WC 09 06 06 1098	WC 10 04 02 0113
WC 10 06 01B 0714	WC 12 03 06A 0711	WC 12 06 01E 0115
WC 16 03 05 0607	WC 16 06 01 1297	WC 16 06 02 1099

WC 00 00 01 COPYRIGHT 1987 NATIONAL COUNCIL ON COMPENSATION INSURANCE

KAP 90-16567-04 00 151
07-09-2015
Page 004 M

CONTINUED ON NEXT PAGE

00705



SENTRY CASUALTY COMPANY
STEVENS POINT, WISCONSIN
(A PARTICIPATING STOCK COMPANY)
A MEMBER OF THE SENTRY FAMILY OF INSURANCE COMPANIES

Carrier Code No. 37877

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
INFORMATION PAGE

WC 20 03 01	0484	WC 20 03 02A	0908	WC 20 03 03D	0810
WC 20 04 05	0601	WC 20 06 01A	0708	WC 21 03 03A	0697
WC 21 03 04	0484	WC 21 04 02B	0115	WC 22 00 00A	1103
WC 22 06 01D	0806	WC 24 03 02	0114	WC 24 04 06C	0805
WC 24 06 01B	0196	WC 24 06 02B	0706	WC 24 06 04A	0913
WC 27 06 01C	1008	WC 29 03 06B	0707	WC 29 06 01A	0194
WC 29 06 02B	0105	WC 31 03 08	0484	WC 31 03 19G	1013
WC 32 03 01C	0114	WC 36 03 06	0102	WC 36 04 06	1001
WC 36 06 01E	0108	WC 36 06 02	0111	WC 37 04 05	0896
WC 37 06 01	0484	WC 37 06 02	0484	WC 37 06 03A	0895
WC 37 06 04	1099	WC 42 03 01G	0614	WC 42 03 04B	0614
WC 42 04 08A	0614	WC 43 06 01	0193	WC 43 06 02	0702
WC 45 06 02	0793	WC 90 06 01	1201	WC 90 06 03	1201
WC 99 02 01	0105	WC 99 06 16	0107	WC 99 06 18	0107
WC 99 06 30	0108	WC 99 06 31	0108	WC 99 06 34	0108
WC 99 06 69	0908	WC 99 06 70	0199	WC 99 31 04	0108
WC 99 32 01	0597	WC 99 36 03	0506	WC 99 41 02	0608
WC990664 LCF	0196	WC990668 LCF	0108		

WC 00 00 01 COPYRIGHT 1987 NATIONAL COUNCIL ON COMPENSATION INSURANCE

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SENTRY CASUALTY COMPANY
STEVENS POINT, WISCONSIN
(A PARTICIPATING STOCK COMPANY)
A MEMBER OF THE SENTRY FAMILY OF INSURANCE COMPANIES

Carrier Code No. 37877

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
INFORMATION PAGE

SCHEDULE OF ENTITIES AND LOCATIONS

ENTITY 001 KAPSTONE PAPER AND PACKAGING CORPORATION	NAME LINK CODE 001 Corporation FEDERAL ID # 202699372
LOCATION 002 100 GASTON ROAD ROANOKE RAPIDS	NC 27870
LOCATION 003 1101 SKOKIE BLVD, 3RD FL NORTHBROOK	IL 60062
LOCATION 005 NO SPECIFIC LOCATION SC	
LOCATION 050 NO SPECIFIC LOCATION AL	
LOCATION 006 NO SPECIFIC LOCATION MS	
LOCATION 008 NO SPECIFIC LOCATION PA	
LOCATION 009 NO SPECIFIC LOCATION TN	
LOCATION 010 NO SPECIFIC LOCATION MO	
LOCATION 025 550 BROAD ST STE 605 NEWARK	TAXPAYER ID # 202699372000 NJ 07102
LOCATION 026 28 PARK DRIVE AMSTERDAM	NY 12010
LOCATION 032 NO SPECIFIC LOCATION AZ	
LOCATION 048 NO SPECIFIC LOCATION IN	
LOCATION 051 NO SPECIFIC LOCATION MI	
ENTITY 003 KAPSTONE CHARLESTON KRAFT LLC	NAME LINK CODE 002 Limited Liability Company FEDERAL ID # 262582068
LOCATION 026 28 PARK DRIVE AMSTERDAM	UNEMPLOYMENT # 4871304 NY 12010
ENTITY 004	NAME LINK CODE 003

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SENTRY CASUALTY COMPANY
STEVENS POINT, WISCONSIN
(A PARTICIPATING STOCK COMPANY)
A MEMBER OF THE SENTRY FAMILY OF INSURANCE COMPANIES

Carrier Code No. 37877

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
INFORMATION PAGE

SCHEDULE OF ENTITIES AND LOCATIONS

KAPSTONE CONTAINER CORPORATION

Corporation
FEDERAL ID # 581392513

LOCATION 005
NO SPECIFIC LOCATION SC

LOCATION 028
NO SPECIFIC LOCATION VA

LOCATION 010
NO SPECIFIC LOCATION MO

LOCATION 018
NO SPECIFIC LOCATION GA

LOCATION 019
NO SPECIFIC LOCATION IA

LOCATION 021
NO SPECIFIC LOCATION MA

LOCATION 022
NO SPECIFIC LOCATION MN

ASSOC FILE # 1392513
UNEMPLOYMENT INS 581392513000

LOCATION 024
NO SPECIFIC LOCATION TX

LOCATION 025
550 BROAD ST STE 605
NEWARK

TAXPAYER ID # 581392513000
NJ 07102

LOCATION 026
28 PARK DRIVE
AMSTERDAM

NY 12010

LOCATION 027
225 MITCH MCCONNELL WAY
BOWLING GREEN

KY 42101

LOCATION 029
NO SPECIFIC LOCATION CT

LOCATION 030
NO SPECIFIC LOCATION FL

ENTITY 005
LONGVIEW FIBRE PAPER &
PACKAGING INC

NAME LINK CODE 004
Corporation
FEDERAL ID # 203674771

LOCATION 036
8511 BLAINE ST
OAKLAND

CA 94621

LOCATION 037
1350 WOOTEN LAKE RD STE 102
KENNESAW

GA 30144

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SENTRY CASUALTY COMPANY
STEVENS POINT, WISCONSIN
(A PARTICIPATING STOCK COMPANY)
A MEMBER OF THE SENTRY FAMILY OF INSURANCE COMPANIES

Carrier Code No. 37877

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
INFORMATION PAGE

SCHEDULE OF ENTITIES AND LOCATIONS

LOCATION 038 348 SOUTH PARK AVENUE WEST TWIN FALLS	ID 83301
LOCATION 039 3828 CIVIC CENTER DR NORTH LAS VEGAS	NV 89030
LOCATION 040 4780 WEST HIGHWAY 56 CEDAR CITY	UNEMPLOYMENT # 2036747 UT 84720
LOCATION 041 2200 NORTH MAIN SPANISH FORK	UNEMPLOYMENT # 2036747 UT 84660
LOCATION 042 701 NORTH 1000 WEST LOGAN	UNEMPLOYMENT # 2036747 UT 84321
LOCATION 043 3667 DEXTER COURT DENVER	CO 80207
LOCATION 044 906 HILDALE LANE BUFFALO GROVE	IL 60089
LOCATION 046 NO SPECIFIC LOCATION OR	

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SENTRY CASUALTY COMPANY
Carrier Code No. 37877

WORKERS' COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

POLICY NUMBER 90-16567-04 00 151

NAMED INSURED ENDORSEMENT

IT IS AGREED THAT ITEM 1 OF THE INFORMATION PAGE IS AMENDED TO READ:

KAPSTONE PAPER AND PACKAGING CORPORATION - FIRST NAMED INSURED

KAPSTONE KRAFT PAPER CORPORATION
KAPSTONE RECEIVABLES LLC
KAPSTONE CHARLESTON KRAFT LLC
KAPSTONE CONTAINER CORPORATION
LONGVIEW FIBRE PAPER & PACKAGING INC

AND ANY SUBSIDIARY, CORPORATION, JOINT VENTURE, PARTNERSHIP,
LIMITED LIABILITY COMPANY OR OTHER ENTITY WHICH WAS, IS, OR
SHALL BE OWNED, OPERATED, MANAGED OR FINANCIALLY CONTROLLED
BY ANY OF THE ABOVE.

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07-09-15

KAPSTONE PAPER AND PACKAGING
CORPORATION

00860

07/10/08

Exhibit B

KAPSTONE ENTITY DIRECTORS AND OFFICERS

KapStone Paper and Packaging Corporation

- Type of entity: Delaware corporation
- Last change in directors and/or officers: January 1, 2017
- Directors:
 - Roger W. Stone
 - Matthew Kaplan
 - Robert J. Bahash
 - John M. Chapman
 - Paula H.J. Cholmondeley
 - Johnathan R. Furer
 - David G. Gabriel
 - Brian R. Gamache
 - Ronald J. Gidwitz
 - Matthew H. Paull
 - Maurice S. Reznik
 - David P. Storch
- Officers:
 - Executive Chairman: Roger W. Stone
 - President and Chief Executive Officer: Matthew Kaplan
 - Executive Vice President and Chief Financial Officer: Andrea K. Tarbox
 - Executive Vice President of Integrated Packaging: Randy J. Nebel
 - Vice President and General Manager of the Mill System: Bill G. Kessinger
 - Vice President and General Manager of the Corrugated Container System: Patrick W. Ortiz
 - Vice President, Secretary, and General Counsel: Kathryn D. Ingraham
 - Vice President and Corporate Controller: Mark A. Niehus
 - Vice President – Strategic Planning and Initiatives: Michael J. Murphy
 - Vice President – Containerboard and Kraft Paper Sales and Marketing: Antionette Meyers

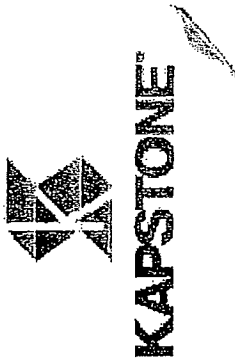
KapStone Kraft Paper Corporation

- Type of entity: Delaware corporation
- Last change in directors and/or officers: January 1, 2017
- Directors: Roger W. Stone, Matthew Kaplan
- Officers:
 - Executive Chairman: Roger W. Stone
 - Chief Executive Officer: Matthew Kaplan
 - President: Randy J. Nebel
 - Vice President, Treasurer and Chief Financial Officer: Andrea K. Tarbox
 - Secretary: Kathryn D. Ingraham

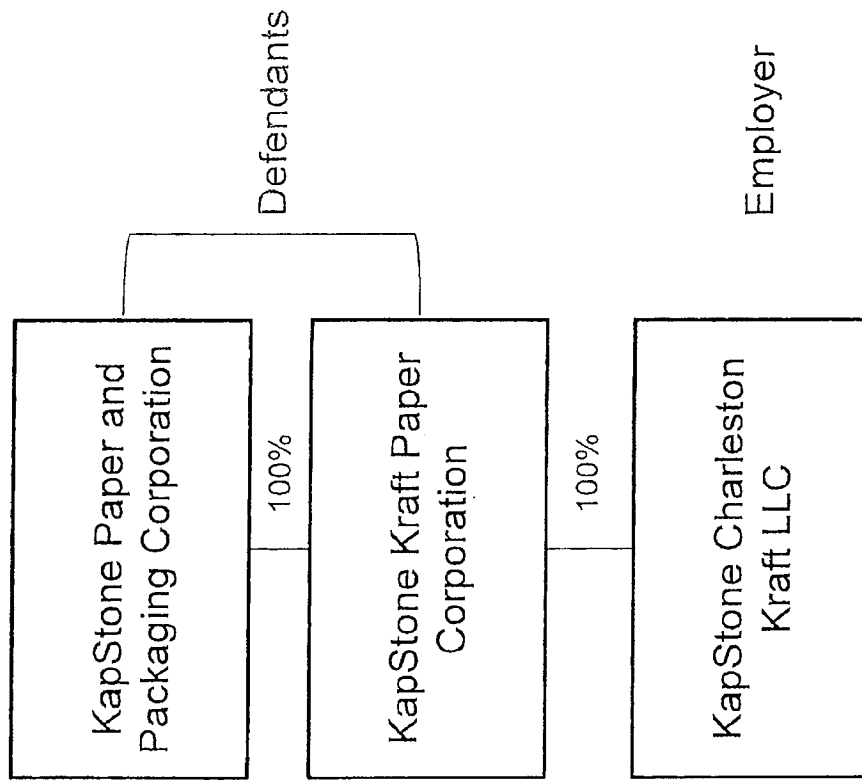
KapStone Charleston Kraft LLC

- Type of entity: Delaware limited liability company
- Last change in officers: January 1, 2017
- Sole member: KapStone Kraft Paper Corporation (managed by members)
- Officers:
 - Executive Chairman: Roger W. Stone
 - Chief Executive Officer: Matthew Kaplan
 - President: Randy J. Nebel
 - Vice President, Treasurer and Chief Financial Officer: Andrea K. Tarbox
 - Secretary: Kathryn D. Ingraham

Exhibit C



Organizational Chart



(Note: additional subsidiaries not shown)

EXHIBIT

“B”

STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON
JACQUE LUCAS, SHIRLEY ANN) IN THE COURT OF COMMON
LUCAS, and DANIEL SIMERLY,)
) PLEAS FOR THE NINTH
Plaintiffs,)
) JUDICIAL CIRCUIT
vs.)
) C/A NO: 2017-CP-10-838
KapStone PAPER AND)
PACKAGING CORPORATION,)
KapStone KRAFT PAPER)
CORPORATION, SAFWAY GROUP)
HOLDINGS, LLC, EASY WAY) NOTICE OF 30(b)(6)
INSULATION CO., INC.,) DEPOSITION TO KAPSTONE
SYPRIS TECHNOLOGIES, INC.) PAPER AND PACKAGING
f/k/a TUBE-TURNS) CORPORATION
TECHNOLOGIES, INC.,)
THOMPSON CONSTRUCTION)
GROUP, INC., and THOMPSON)
INDUSTRIAL SERVICES, LLC)
)
Defendants.)
)

The 30(b)(6) videotaped discovery deposition of
KELLY HULSEMAN,
taken under oath on Tuesday, the 6th day of March, 2018
at One South Dearborn Street, 38th floor, Chicago,
Illinois, pursuant to the Rules of the Supreme Court of
Illinois and the Code of Civil Procedure, before Edna D.
Stroud, a notary public in and for the County of Cook
and State of Illinois, pursuant to notice commencing at
10:00 o'clock a.m.

Page 1
09:41AM
APPEARANCES CONTINUED: (ALL TELEPHONICALLY)
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CARLOCK COPELAND & STAIR, LLP
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For Sypris Technologies:
WHITE AND WILLIAMS, LLP
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Philadelphia, Pennsylvania 19103-7395
Phone: 215.864.7110
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For Sentry Casualty Company;
MCANDUS GOUGELOCK COURJE
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Phone: 803.227.4929
Email: drew.richardson@mgclaw.com
For Easy-Way Insulation Co., Inc.
ALSO PRESENT:
MR. GABRIEL MARTIN, Videographer

APPEARANCES:
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and KALA SELLERS, Attorney at Law
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Skokie, Illinois 60062-4124
Phone: 847.239.8826
Email:
For the In-house Counsel-Kapstone;
HAYNSWORTH SINKLER BOYD (Telephonically)
BY: JOHN TILLER, ESQ.
134 Meeting Street, 3rd Floor
Charleston, South Carolina 29401
Post Office Box 29402-0340
Phone: 843.720-4451
Email: jtiller@hbslawfirm.com
For the Petitioner Intervenor -
Sentry Casualty;

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1	(Out of the presence of the 09:41AM	1	MR. FINDLEY: Okay. And just to clarify for the 10:21AM
2	deponent.) 09:41AM	2	record on some of these topics. Kelly Hulseman was 10:21AM
3	MR. WILLIS: I am Dick Willis and I represent the 10:17AM	3	designated as the corporate representative to testify I 10:21AM
4	KapStone defendants in this case. We are here for the 10:17AM	4	think dating back to September 17th. Today on March 6, 10:21AM
5	30(b)6 deposition of Kelly Hulseman of KapStone Paper 10:17AM	5	morning of March 6th was the first time that we 10:21AM
6	and Packaging Corporation. I'd like to have marked as 10:18AM	6	discovered that she would not be testifying to certain 10:21AM
7	Exhibit 1 to the deposition my letter of February 12, 10:18AM	7	subjects, so we certainly reserve the right to ask for 10:21AM
8	2018, with Exhibit A attachment responding to the 10:18AM	8	additional corporate representatives as well as 10:21AM
9	deposition notice of the plaintiff. 10:18AM	9	additional topics with regard to things that she cannot 10:21AM
10	(Plaintiff's Deposition Exhibit No. 10:18AM	10	cover, but we have got the list of it here. I will talk 10:21AM
11	I was marked for identification.) 10:18AM	11	to her about some of those although I did want you to 10:21AM
12	MR. WILLIS: And then I would like to make a 10:18AM	12	clarify something. 22 and 23 you say portions. 10:21AM
13	couple of statements amending that notice or the 10:18AM	13	MR. WILLIS: Yeah, let me look at that. So 22 10:21AM
14	response to the notice somewhat. After meeting with the 10:18AM	14	deals with, states, Documents that refer, relate or 10:21AM
15	witness, there are a number of topics that she has been 10:18AM	15	represent to the current officers, directors, committee 10:21AM
16	designated for that she is not the person most 10:18AM	16	members, board members or other management level 10:22AM
17	knowledgeable within the corporation. There would be 10:18AM	17	individuals for KapStone Paper and Packaging 10:22AM
18	other company or other witnesses that we would need to 10:18AM	18	Corporation, et cetera, and the duties or tasks thereof. 10:22AM
19	designate to cover those topics if the plaintiff would 10:18AM	19	She is prepared to talk about the officers and directors 10:22AM
20	prefer that. So I just wanted to go ahead and put that 10:19AM	20	and what they do. 10:22AM
21	on the record before we get going. 10:19AM	21	MR. FINDLEY: Is that something I should maybe 10:22AM
22	So the topics that she is now going to be 10:19AM	22	explore with her at the beginning? 10:22AM
23	covering. Kyle, if you want to look at the list, would 10:19AM	23	MR. WILLIS: Yes. So that's why I say portions of 10:22AM
24	be topics 1 through 4, topics 6, 7, 18 through 19, 20A 10:19AM	24	that. 10:22AM
Page 6		Page 8	
1	through J. 21, portions of 22 and 23 which we can talk 10:19AM	1	MR. FINDLEY: Okay. 10:22AM
2	about more if we need to, 24 through 32. 10:19AM	2	MR. WILLIS: And then with regard to 23, 23 talks 10:22AM
3	MR. FINDLEY: Hold on one second. 24 through 32 10:19AM	3	about contracting procedures. She is not the principal 10:22AM
4	all portions? 10:19AM	4	contracting officer, but she is familiar with the 10:22AM
5	MR. WILLIS: Yes. 37, 38, 49 through 60, 60 and 10:19AM	5	corporate procedures pertaining to contracting and we 10:22AM
6	61. With regard to topics 8 through 13 which pertain to 10:19AM	6	brought you a document that she reviewed yesterday with 10:22AM
7	a company called Colgen, there really isn't any 10:20AM	7	regard to that. And beyond that we would probably 10:22AM
8	information responsive to that, so she will not be 10:20AM	8	designate another witness who would be more 10:22AM
9	handling that topic. And then we have previously stated 10:20AM	9	knowledgeable about the details of the contracts with 10:22AM
10	our objections to our topics that relate primarily to 10:20AM	10	the third parties at the plant. 10:22AM
11	the merits. 10:20AM	11	MR. FINDLEY: And just so we are clear, what we 10:22AM
12	So sort of to put all of these numbers in 10:20AM	12	are talking about for the record, you are talking about 10:22AM
13	words, what we are essentially offering Ms. Hulseman to 10:20AM	13	the document when I read this letter, you are talking 10:22AM
14	talk about is the sum and substance of the affidavit and 10:20AM	14	about the documents that was the Legal Contract Review, 10:22AM
15	the documents referred to in the affidavit, basically 10:20AM	15	revised April 18, 2017. 10:22AM
16	the corporate structure of the companies and how that 10:20AM	16	MR. WILLIS: Correct. And just for the record two 10:23AM
17	corporate structure works and operates. And then 10:20AM	17	other documents that we provided today that were 10:23AM
18	anything beyond that is probably beyond the scope of her 10:20AM	18	inadvertently omitted from the production. The first 10:23AM
19	specialized knowledge although she may have some 10:20AM	19	one is the Articles of Incorporation of KapStone Paper 10:23AM
20	generalized knowledge of things and if she does, you are 10:20AM	20	and Packaging. 10:23AM
21	perfectly free to explore that. So we will probably be 10:20AM	21	MR. FINDLEY: You wanted this marked? 10:23AM
22	designating some additional witnesses and we can talk 10:20AM	22	MR. WILLIS: Sure. 10:23AM
23	about that off the record and with that we are prepared 10:20AM	23	MR. FINDLEY: So let's mark this Legal Contract 10:23AM
24	to begin. 10:21AM	24	Review and the signing authority we just talked about, 10:23AM

Page 9 1 just mark this Exhibit 2. 10:23AM 2 (Plaintiff's Deposition Exhibit No. 10:23AM 3 2 was marked for identification.) 10:23AM 4 MR. FINDLEY: And then you can identify this. 10:23AM 5 MR. WILLIS: And Exhibit 3 would be part of the 10:23AM 6 KapStone Paper and Packaging Corporation 2015 tax return 10:23AM 7 relating that shows that KapStone Charleston Kraft LLC 10:23AM 8 is a disregarded entity for purposes of federal taxes 10:23AM 9 and their tax returns are there or their data would be 10:23AM 10 wrapped up in KapStone Kraft. And then finally Exhibit 10:23AM 11 3 -- 10:24AM 12 MR. FINDLEY: Four, that would be four. 10:24AM 13 MR. WILLIS: I got you. Exhibit 4 are the 10:24AM 14 Articles of Incorporation for KapStone Paper and 10:24AM 15 Packaging Corporation. 10:24AM 16 (Plaintiff's Deposition Exhibit Nos. 10:24AM 17 3 and 4 were marked for identification.) 10:24AM 18 MR. FINDLEY: Just one more thing I wanted clear 10:24AM 19 up before we get started, as far as documents she is 10:24AM 20 prepared to testify on and bind the company, those would 10:24AM 21 include documents 2, 3, and 4 that were just produced as 10:24AM 22 well as the documents you mentioned that were attached 10:24AM 23 to her Affidavit. 10:24AM 24 MR. WILLIS: Correct. 10:24AM	Page 11 1 MS. SELTZER: Wendy Seltzer on behalf of Kapstone. 10:29AM 2 MR. WILLIS: You guys want to make an appearance 10:29AM 3 on the phone? 10:29AM 4 MR. RICHARDSON: Are we making an appearance again 10:29AM 5 on the phone? 10:29AM 6 MR. WILLIS: Yes. We are on the video record now. 10:29AM 7 MR. RICHARDSON: This is Drew Richardson on behalf 10:29AM 8 of Easy Way. 10:29AM 9 MR. HIGHFIELD: Duke Highfield on behalf of 10:29AM 10 Safway. 10:29AM 11 MR. WILSON: Joe Wilson on behalf of Thompson 10:29AM 12 Industrial. 10:29AM 13 MR. YOHO: Andy Yoho on behalf of Sypris 10:29AM 14 Technologies. 10:29AM 15 MR. TAYLOR: John Taylor on behalf of petitioning 10:29AM 16 intervener Sentry Casualty Company. 10:30AM 17 MR. FISHER: Doug Fisher on behalf of petitioning 10:30AM 18 intervener Sentry Casualty Company. 10:30AM 19 THE VIDEOGRAPHER: Now, the court reporter is 10:30AM 20 going to swear in the witness. 10:30AM 21 (Witness sworn.) 22 KELLY HULSEMAN, 23 called as a 30(b)(6) witness herein, having first been 24 duly sworn, was examined and testified as follows:
Page 10 1 MR. FINDLEY: Okay. All right. And I think the 10:24AM 2 Affidavit was A, B, and C. 10:24AM 3 MR. WILLIS: That's correct. 10:24AM 4 MR. FINDLEY: With that we can bring the witness 10:24AM 5 in and get started. 10:24AM 6 (The deponent is in the room.) 10:27AM 7 THE VIDEOGRAPHER: We are now on the record at 10:27AM 8 10:27 a.m. this is the videotaped deposition of Kelly 10:28AM 9 Hulseman in the matter of Jacque Lucas, Shirley Ann 10:28AM 10 Lucas, and Daniel Simerly. In the Court of Common Pleas 10:28AM 11 for the Ninth Judicial Circuit. 10:28AM 12 This deposition is being held at One 10:28AM 13 South Dearborn, Chicago, Illinois on March 6, 2018. My 10:28AM 14 name is Gabriel Martin and I am the videographer. The 10:28AM 15 court reporter is Edna Stroud, both representing Stratos 10:28AM 16 Legal. 10:28AM 17 For the record will counsel please 10:28AM 18 introduce yourselves and who do you represent. 10:29AM 19 MR. FINDLEY: Kyle Findley on behalf of 10:29AM 20 plaintiffs. 10:29AM 21 MS. SELLERS: Kala Sellers on behalf of the 10:29AM 22 plaintiffs. 10:29AM 23 MR. WILLIS: Richard Willis on behalf of Kapstone 10:29AM 24 capital. 10:29AM	Page 12 1 DIRECT EXAMINATION 2 BY MR. FINDLEY: 3 Q. Could you please introduce yourself for the 10:30AM 4 record? 10:30AM 5 A. My name is Kelly Hulseman. 10:30AM 6 Q. Okay. And, Kelly, have you given a 10:30AM 7 deposition before? 10:30AM 8 A. I have not. 10:30AM 9 Q. Okay, your first deposition? 10:30AM 10 A. Yes. 10:30AM 11 Q. Okay. You understand, well, I will get to 10:30AM 12 that in a second. We are here to take your deposition 10:30AM 13 in regards to various topics related to a lawsuit 10:30AM 14 involving my client, Jacque Lucas and Daniel Simerly. 10:30AM 15 various defendants including the few KapStone entities. 10:31AM 16 You understand that, correct? 10:31AM 17 A. I do. 10:31AM 18 Q. Okay. And you understand you took an oath 10:31AM 19 here today, correct? 10:31AM 20 A. I do. 10:31AM 21 Q. And that oath is to tell the whole truth? 10:31AM 22 A. Yes. 10:31AM 23 Q. Okay. And you understand that if you do not 10:31AM 24 tell the truth and we find out about it you could be 10:31AM

Page 13			Page 15		
1	subject to perjury?	10:31AM	1	A. Okay.	10:33AM
2	A. I do.	10:31AM	2	Q. If you answer a question, I am going to	10:33AM
3	Q. Okay, and --	10:31AM	3	assume you understood it for all purposes, okay?	10:33AM
4	MR. RICHARDSON: And, I'm sorry, I can hear you	10:31AM	4	A. Okay.	10:33AM
5	perfectly counsel, but I don't know about the other	10:31AM	5	Q. So what I am going to hand you is what have	10:33AM
6	people on the phone. I can barely hear the witness.	10:31AM	6	been marked as Exhibit No. 4 and this is corporate	10:33AM
7	Thank you.	10:31AM	7	representative topics related to your notice for	10:33AM
8	BY MR. FINDLEY:	10:31AM	8	deposition.	10:33AM
9	Q. And, Ma'am let, me just go over a couple of	10:31AM	9	MR. WILLIS: That is 5.	10:33AM
10	ground rules with you here, okay?	10:31AM	10	MR. FINDLEY: Oh, excuse me, 5. Let me have that	10:33AM
11	A. Uh-huh. Yes.	10:31AM	11	back.	10:33AM
12	Q. Okay. That was my first one. I am going to	10:31AM	12	(Plaintiff's Deposition Exhibit No.	10:33AM
13	ask you some various questions. If you can give me	10:31AM	13	5 was marked for identification.)	10:33AM
14	verbal answers such as yes and nos instead of uh-huhs	10:31AM	14	BY MR. FINDLEY:	10:33AM
15	and ug-ugns, it will make it a whole lot easier for the	10:31AM	15	Q. Have you seen this document before?	10:33AM
16	court reporter, okay?	10:31AM	16	A. Yes, I have.	10:33AM
17	A. Okay.	10:31AM	17	Q. First of all, let me ask you this, when did	10:33AM
18	Q. As well as when I ask you questions, if you	10:31AM	18	you find out you were giving a deposition?	10:33AM
19	can wait for me to finish my question and I will extend	10:32AM	19	A. Last year.	10:33AM
20	the same courtesy of letting you finish your answer	10:32AM	20	Q. Okay. Do you know about what time frame?	10:33AM
21	before I ask you another question, is that fair?	10:32AM	21	A. Fall Q4.	10:34AM
22	A. Yes.	10:32AM	22	Q. Quarter four fall 2017?	10:34AM
23	Q. Okay. The other thing I want to talk to you	10:32AM	23	A. Yes.	10:34AM
24	about, well, you know you have been designated as a	10:32AM	24	Q. And what was your understanding of the	10:34AM

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1	corporate representative, correct?	10:32AM	1	deposition? What were you being asked to provide	10:34AM
2	A. Correct.	10:32AM	2	testimony on?	10:34AM
3	Q. And you have been designated as a corporate	10:32AM	3	A. The worker's comp claim for Lucas and	10:34AM
4	representative for KapStone Paper and Packaging	10:32AM	4	Simerly.	10:34AM
5	Corporation, is that correct?	10:32AM	5	Q. Okay. And when you say the worker's comp	10:34AM
6	A. Yes.	10:32AM	6	claim for Lucas and Simerly, do any of your duties	10:34AM
7	Q. Okay, that's the only entity, true, that you	10:32AM	7	involve worker's compensation?	10:34AM
8	have been designated as a corporate representative for.	10:32AM	8	A. They do.	10:34AM
9	correct?	10:32AM	9	Q. And what is your current title?	10:34AM
10	A. Yes.	10:32AM	10	A. I am the VP of Shared Service.	10:34AM
11	MR. WILLIS: That's correct, Counsel.	10:32AM	11	Q. Okay. And how long have you held that	10:34AM
12	A. I am employed by KapStone Paper.	10:32AM	12	position?	10:34AM
13	BY MR. FINDLEY:	10:32AM	13	A. I have held that position since January of	10:34AM
14	Q. Fair enough. Your employer is KapStone Paper	10:32AM	14	2017.	10:34AM
15	and Packaging Corporation?	10:32AM	15	Q. Okay, prior to being the vice president of	10:34AM
16	A. Yes.	10:32AM	16	Shared Services in January of 2017, what did you do?	10:34AM
17	Q. Okay. Now, you understand that you have been	10:32AM	17	A. I was the senior director of Treasury and	10:35AM
18	designated as a corporate representative. So what you	10:32AM	18	Risk from January of 2014 to January of 2017.	10:35AM
19	testify to binds the company. Do you understand that?	10:32AM	19	Q. Senior director of Treasury and Risk?	10:35AM
20	A. I do.	10:32AM	20	A. Yes.	10:35AM
21	Q. Okay. And that's why if you don't know the	10:32AM	21	Q. And that's for KapStone Paper and Packaging	10:35AM
22	answer to some of my questions or know of someone who	10:33AM	22	Corporation?	10:35AM
23	would better be suited to answer that question, let me	10:33AM	23	A. Yes.	10:35AM
24	know, okay?	10:33AM	24	Q. Prior to that what did you do?	10:35AM

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1 A. I was the director of Treasury and Risk for 10:35AM 2 KapStone Paper and Packaging from 2008 forward. 10:35AM 3 Q. Okay. Was 2008 the first time you were hired 10:35AM 4 on to KapStone Paper and Packaging Corporation? 10:35AM 5 A. Yes. 10:35AM 6 Q. Prior to that where did you work? 10:35AM 7 A. I worked for Tap Pharmaceuticals from 2005 to 10:35AM 8 2008. 10:35AM 9 Q. What did you do for them? 10:35AM 10 A. I was the senior manager of Treasury. 10:35AM 11 Q. Okay, what does that mean? What does a 10:35AM 12 senior manager of Treasury do? 10:36AM 13 A. I was responsible for much of the same areas 10:36AM 14 that I am today, accounts payable, accounts receivable, 10:36AM 15 treasury, insurance. 10:36AM 16 Q. Okay, do you have an accounting background? 10:36AM 17 A. I have a certificate in accounting. 10:36AM 18 Q. And so at Tap Pharmaceuticals you were in 10:36AM 19 charge of accounts payable, accounts receivable, what 10:36AM 20 else? 10:36AM 21 A. Treasury, cash management, and insurance. 10:36AM 22 Q. Okay. When you became -- well, let's talk 10:36AM 23 about being the senior treasury director at KapStone 10:36AM 24 Paper and Packaging Corporation. What did your duties 10:36AM	1 my title changed. 10:38AM 2 Q. Okay, objection, nonresponsive. P. 10:38AM 3 My question is pretty simple. Prior to 10:38AM 4 January of 2017 at KapStone Paper and Packaging 10:38AM 5 Corporation there was no Shared Services Department. 10:38AM 6 correct? 10:38AM 7 A. Correct. 10:38AM 8 Q. In January of 2017, a position was created 10:38AM 9 called the vice president of Shared Services at KapStone 10:38AM 10 Paper and Packaging Corporation and you filled that 10:38AM 11 role, true? 10:38AM 12 A. True. 10:38AM 13 Q. And in that role what is it that you do? 10:38AM 14 A. Accounts receivable, accounts payable, credit 10:39AM 15 collections, payroll, and insurance. 10:39AM 16 Q. Okay. Does your job -- I am making sure I 10:39AM 17 wrote them down right. Accounts receivable, accounts 10:39AM 18 payable, credit collections, insurance, and payroll, is 10:39AM 19 that correct? 10:39AM 20 A. Correct. 10:39AM 21 Q. Okay. Does your job duties at KapStone Paper 10:39AM 22 and Packaging Corporation deal with any other aspects 10:39AM 23 than those five we just mentioned? 10:39AM 24 A. No. 10:39AM
Page 18	Page 20
1 include there from 2014 to 2017? 10:36AM 2 A. As the senior director, I was responsible for 10:37AM 3 accounts receivable, credit collections, insurance, and 10:37AM 4 payroll. 10:37AM 5 Q. Accounts receivable, credit collections, 10:37AM 6 insurance, and payroll? 10:37AM 7 A. Yes. 10:37AM 8 Q. And then at some point you were given a new 10:37AM 9 title of vice president of Shared Services in January 10:37AM 10 2017. 10:37AM 11 A. Uh-huh. 10:37AM 12 Q. Was that a new position that was created? 10:37AM 13 A. Yes. 10:37AM 14 Q. So prior to January 2017 there was no Shared 10:37AM 15 Services department, fair? 10:37AM 16 A. Not formally there was no Shared Service 10:38AM 17 Department. 10:38AM 18 Q. Okay. And when I say no, I know there are 10:38AM 19 various Kapstone entities, so just to make sure we are 10:38AM 20 on the same page, when I there is no Shared Service 10:38AM 21 Department, we are saying there is no Shared Service 10:38AM 22 Department at Kapstone Paper and Packaging Corporation, 10:38AM 23 correct, prior to January 2017? 10:38AM 24 A. The functions were the same before and after 10:38AM	1 Q. So as far as your roles everything you do 10:39AM 2 with relation to KapStone Paper and Packaging 10:39AM 3 Corporation would be dealing with accounts payable. 10:39AM 4 accounts receivable, credit collection, insurance, and 10:39AM 5 payroll for your employer, true? 10:39AM 6 A. True. 10:39AM 7 Q. All right, that will help me narrow some 10:40AM 8 questions down. Let me give you an example. For 10:40AM 9 instance, you have no idea about what goes on day-to-day 10:40AM 10 duties at say Kapstone Charleston Kraft LLC in North 10:40AM 11 Carolina. 10:40AM 12 MR. WILLIS: South. 10:40AM 13 MR. FINDLEY: Excuse me, South Carolina. 10:40AM 14 MR. WILLIS: I am sensitive about that. 10:40AM 15 MR. FINDLEY: That's understandable. I have heard 10:40AM 16 a lot of people are. Let me start over. You can strike 10:40AM 17 that whole question. 10:40AM 18 Q. As far as your role, none of your job duties 10:40AM 19 have anything to do with the day-to-day operations at 10:40AM 20 KapStone Charleston Kraft LLC in South Carolina. 10:40AM 21 correct? 10:40AM 22 A. I am not clear on the question. 10:40AM 23 Q. Okay. Well, let's back up. Your employer is 10:40AM 24 Kapstone Paper and Packaging Corporation, correct? 10:40AM

Page 21	Page 23
1 A. Correct. 10:40AM 2 Q. You deal with KapStone Paper and Packaging 10:40AM 3 Corporation's accounts receivable, payable, credit 10:40AM 4 collections, insurance, and payroll, correct? 10:41AM 5 A. The whole company. I assume responsibility 10:41AM 6 for those areas for the whole company which includes 10:41AM 7 Kapstone Charleston. 10:41AM 8 Q. And we are going to get to that in a second. 10:41AM 9 But what we are talking about is your employer Kapstone 10:41AM 10 Paper and Packaging Corporation, that's who you deal 10:41AM 11 with, right? 10:41AM 12 A. I deal with all entities of Kapstone Paper. 10:41AM 13 Q. Okay. Do you have anything to do with the 10:41AM 14 day-to-day management at the plant? 10:41AM 15 MR. WILLIS: Objection, form of the question. 10:41AM 16 A. Can you repeat the question, please? 10:41AM 17 BY MR. FINDLEY: 10:41AM 18 Q. Sure. When I say the plant we are talking 10:41AM 19 about the Charleston mill, you understand that, correct? 10:41AM 20 A. I do. 10:41AM 21 Q. Okay. Do you have any interactions and I 10:41AM 22 know you have the overview that we will get into in a 10:41AM 23 second of dealing with Kapstone Paper and Packaging 10:41AM 24 Corporation as a whole. What I want to know about is do 10:41AM	1 limited liability companies, correct? 10:42AM 2 A. Correct. 10:42AM 3 Q. Okay, what I want to know is do you deal with 10:42AM 4 day-to-day operations regarding any of those entities, 10:42AM 5 customers, whatever it may be? 10:43AM 6 A. Not the operations, no. 10:43AM 7 Q. Okay. So as far as what goes on at Kapstone 10:43AM 8 Charleston Kraft LLC in Charleston, you would not be the 10:43AM 9 person who deals with the day-to-day operations there 10:43AM 10 related to those aspects, correct, that would be someone 10:43AM 11 else? 10:43AM 12 A. Related to what aspects? 10:43AM 13 Q. The aspects we talked about, accounts 10:43AM 14 payable, receivable, credit collections, insurance, and 10:43AM 15 payroll, the five aspects you deal with. There would be 10:43AM 16 some other person in your role at the local plant. 10:43AM 17 correct? 10:43AM 18 A. No. 10:43AM 19 Q. There would not be? 10:43AM 20 A. No. 10:43AM 21 Q. Okay. So having that question, since you 10:43AM 22 deal with accounts receivable, tell me what customers 10:43AM 23 you deal with at KapStone Charleston Kraft? 10:43AM 24 A. I am responsible for the collections. 10:43AM
Page 22	Page 24
1 you have any knowledge regarding the day-to-day 10:41AM 2 operations at the Charleston mill? 10:41AM 3 A. As it relates to those areas, yes. 10:41AM 4 Q. Okay. So everyday you know exactly what's 10:41AM 5 going on in every mill throughout the United States? 10:42AM 6 MR. WILLIS: Objection to the form of the 10:42AM 7 question. 10:42AM 8 A. As it relates to those areas, customers, 10:42AM 9 vendors, yes. 10:42AM 10 BY MR. FINDLEY: 10:42AM 11 Q. Okay. What customers do you deal with in 10:42AM 12 KapStone Kraft, Charleston Kraft LLC, what customers do 10:42AM 13 you directly deal with? 10:42AM 14 A. I don't directly deal with customers. I 10:42AM 15 thought the question was am I aware of what goes on. 10:42AM 16 Q. What I am asking about is the day-to-day 10:42AM 17 operations, okay? There are lots of KapStone plants 10:42AM 18 throughout the United States, correct? 10:42AM 19 A. Yes. 10:42AM 20 Q. They all have different legal entity names, 10:42AM 21 correct? 10:42AM 22 A. Correct. 10:42AM 23 Q. They all are filed separately as far as legal 10:42AM 24 entities are concerned, some are corporations, some are 10:42AM	1 Q. Okay. 10:43AM 2 A. Of the sales, that's accounts receivable. 10:43AM 3 Q. So when you are responsible for the 10:43AM 4 collections, does that include contacting customers? 10:43AM 5 A. It does not. 10:43AM 6 Q. Okay. So when you say responsible for 10:44AM 7 collections, you don't actually do any collecting? 10:44AM 8 MR. WILLIS: Objection to the form of the 10:44AM 9 question. 10:44AM 10 A. People in my department do the collecting. 10:44AM 11 yes. 10:44AM 12 Q. Okay, in what department? 10:44AM 13 A. The credit and collections department. 10:44AM 14 Q. Okay, credit and collections department 10:44AM 15 where? 10:44AM 16 A. In Northbrook. 10:44AM 17 Q. Okay. How many people are in the credit and 10:44AM 18 collections department? 10:44AM 19 A. I am counting them. 12. 10:44AM 20 Q. Are they divided up how? 10:44AM 21 A. I don't understand the question. 10:44AM 22 Q. There is 12 of them. Are all 12 of them 10:44AM 23 responsible for what? 10:44AM 24 A. There are four for accounts receivable, four 10:44AM

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1 for collections, two for credit and two for management. 10:44AM 2 Q. Okay, and all of those individuals report to 10:44AM 3 you? 10:45AM 4 A. Indirectly. 10:45AM 5 Q. Okay. Who do they report to directly? 10:45AM 6 A. The credit manager. 10:45AM 7 Q. Who is the credit manager? 10:45AM 8 A. Olga Holovenko, H-o-l-o-v-e-n-k-o. 10:45AM 9 Q. Okay. And who would you report to directly? 10:45AM 10 A. Andrea Tarbox, the CFO. 10:45AM 11 Q. Andrea Tarbox? 10:45AM 12 A. Yes. T-a-r-b-o-x. 10:45AM 13 Q. And that's the CFO? 10:45AM 14 A. Yes. 10:45AM 15 Q. CFO of Kapstone? 10:45AM 16 A. Paper and Packaging. 10:45AM 17 Q. Paper and Packaging, okay. 10:45AM 18 A. Yes. 10:45AM 19 Q. And then who reports -- do you have people 10:45AM 20 underneath you? You mentioned those that report to you 10:45AM 21 indirectly. Do you have anyone that reports to you 10:45AM 22 directly? 10:45AM 23 A. Olga Holovenko. 10:45AM 24 Q. Besides her, anyone else? 10:46AM	1 understand you'd be the corporate representative 10:47AM 2 testifying to these topics, okay? 10:47AM 3 A. Okay. 10:47AM 4 Q. And what I want to do is if you do not feel 10:47AM 5 that you are the best person or feel comfortable binding 10:47AM 6 the company related to those topics, let me know so I 10:47AM 7 can mark it on here and save us some questions, okay? 10:47AM 8 A. Okay. 10:47AM 9 Q. Number one, when it talks about documents 10:47AM 10 refer, relate or represent to the corporate structure of 10:47AM 11 this defendant from 2006 through the date of the 10:47AM 12 incident including any subsidiary in which the defendant 10:47AM 13 has ownership, are you the person best suited to talk 10:47AM 14 about all of that? 10:48AM 15 MR. WILLIS: And let me state an objection first. 10:48AM 16 We limited the time frame to the time frame around the 10:48AM 17 time of the accident which is what would be relevant to 10:48AM 18 the jurisdiction question. 10:48AM 19 MR. FINDLEY: Okay. 10:48AM 20 MR. WILLIS: So to the extent that your question 10:48AM 21 goes back to 2006, we haven't designated her for that. 10:48AM 22 but you will notice, if you will note. 10:48AM 23 MR. FINDLEY: Well -- 10:48AM 24 MR. WILLIS: I think it's general objection two, 10:48AM
Page 26	Page 28
1 A. I have a Kathy Macky who is the payroll 10:46AM 2 manager, Minish Modi who is the accounts payable 10:46AM 3 manager, and Hiep Phung who is the Risk Management. 10:46AM 4 Hiep, H-i-e-p, Phung, P-h-u-n-g. 10:46AM 5 Q. I have got Kathy Macky, Minish -- 10:46AM 6 A. M-i-n-i-s-h, M-o-d-i. 10:46AM 7 Q. And what was the last one? 10:46AM 8 A. Hiep, H-i-e-p, Phung, P-h-u-n-g. 10:46AM 9 Q. Okay. And Kathy Macky's title is what? 10:46AM 10 A. Payroll manager. 10:46AM 11 Q. And Minish is what? 10:46AM 12 A. Accounts payable manager. 10:46AM 13 Q. Okay, and Hiep Phung is what? 10:46AM 14 A. Risk manager. 10:46AM 15 Q. And all three of those report to you? 10:46AM 16 A. Yes. 10:46AM 17 Q. Okay. All right. Now before we got 10:47AM 18 sidetracked on this, I handed you Exhibit No. 5, okay. 10:47AM 19 A. Uh-hmm. 10:47AM 20 Q. This is a notice of your deposition. Have 10:47AM 21 you seen this document before? 10:47AM 22 A. I have. 10:47AM 23 Q. Okay. So let's start with, well, let's start 10:47AM 24 with some of these. And I want to make sure that you 10:47AM	1 so anyway, with that modification. 10:48AM 2 MR. FINDLEY: Okay. Well, that's what I am trying 10:48AM 3 to figure out. 10:48AM 4 Q. So topic number one, would you be the person 10:48AM 5 who could testify related as I have it written from 2006 10:48AM 6 to now, you would not be? 10:48AM 7 A. I would not be. 10:48AM 8 Q. Now what about in relation to 2016 to the 10:48AM 9 present? 10:48AM 10 A. It would depend on the question. 10:48AM 11 Q. Okay. But as the topic is written, you would 10:48AM 12 not file comfortable being designated for the corporate 10:49AM 13 representative to cover 2016 to the present for 10:49AM 14 corporate structure of ownership including any 10:49AM 15 subsidiary or entity in which this defendant has 10:49AM 16 ownership interest? 10:49AM 17 A. I am aware of the legal work chart and we 10:49AM 18 have provided that. 10:49AM 19 Q. Okay. And this is going to -- I think I know 10:49AM 20 what you are talking about and just so we are, I want to 10:49AM 21 make sure we are on the same page, okay. So I am going 10:49AM 22 to hand you what I have marked as exhibit number, I 10:49AM 23 think we are on six. 10:49AM 24 (Plaintiff's Deposition Exhibit No. 10:49AM

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1 6 was marked for identification.) 10:49AM 2 BY MR. FINDLEY: 10:49AM 3 Q. And as I understand it, this is your 10:49AM 4 affidavit? 10:49AM 5 A. It is. 10:49AM 6 Q. Okay. So what I wanted to ask you about, you 10:49AM 7 mentioned a work chart. Let's do it this way. This one 10:49AM 8 is stapled. Does this one have all of the exhibits on 10:49AM 9 it? Okay. All right, in that document, if you turn to 10:50AM 10 the back and see that Exhibit number B or C is what you 10:50AM 11 are on, okay? 10:50AM 12 A. Yes. 10:50AM 13 Q. Exhibit number C is that what you are talking 10:50AM 14 about when you say you are familiar with that page? 10:50AM 15 A. I am familiar with it. 10:50AM 16 Q. And that's fair. And all I want to know is 10:50AM 17 any documents that were used to create that page, you 10:50AM 18 are not familiar with to testify on, true? 10:51AM 19 A. True. 10:51AM 20 Q. Okay. The only thing that you would be 10:51AM 21 qualified to testify on as a corporate representative 10:51AM 22 would be the actual demonstrative drawing that we have 10:51AM 23 here on Exhibit C of your affidavit, fair? 10:51AM 24 A. Fair. 10:51AM	1 sit here today, fair? All you have personal knowledge 10:52AM 2 of is what would be contained on this chart, true? 10:52AM 3 A. True. 10:52AM 4 Q. Okay. Now, as far as this chart, do you know 10:52AM 5 if this chart was created specifically for this case? 10:52AM 6 A. I'm not sure. 10:52AM 7 Q. Okay. Do you know what years of documents 10:52AM 8 regarding filings were reviewed in order to create this? 10:52AM 9 A. I do not. 10:52AM 10 Q. Okay. And so whether it was 2015, 2016 or 10:52AM 11 2018 sitting here today you couldn't tell us that, fair? 10:52AM 12 A. Fair. 10:52AM 13 Q. Okay. And the reason why I am asking that is 10:52AM 14 because in this organizational chart it's got -- well, 10:52AM 15 do you know who made it? 10:53AM 16 A. I do not. 10:53AM 17 Q. Okay. Did it just show up on your desk? 10:53AM 18 A. As part of the affidavit, yes. 10:53AM 19 Q. Okay. And is it fair to say the entire 10:53AM 20 Exhibit 6 you did not have any part in making it, 10:53AM 21 correct? 10:53AM 22 A. No. 10:53AM 23 Q. You didn't type any of the words in the 10:53AM 24 affidavit, they came like that? 10:53AM
Page 30	Page 32
1 MR. WILLIS: As well as Exhibit document 1, the 10:51AM 2 overall flow chart. 10:51AM 3 MR. FINDLEY: Well, that's not in her affidavit, 10:51AM 4 so. 10:51AM 5 MR. WILLIS: Right. 10:51AM 6 MR. FINDLEY: So if she wants to clarify it, but 10:51AM 7 let's limit the talking for her. 10:51AM 8 Q. So back to what we are talking about 10:51AM 9 organizational chart Exhibit C attached to the 10:51AM 10 affidavit, you did not create that, true? 10:51AM 11 A. I did not. 10:51AM 12 Q. Okay. You didn't review any documents that 10:51AM 13 went into creating it, fair? You weren't the person who 10:51AM 14 did that? 10:51AM 15 A. Created this document, I was not. 10:51AM 16 Q. Okay. And you weren't the person, let me 10:51AM 17 give you example, who went back and reviewed corporate 10:51AM 18 filings or any of the other types of various documents 10:52AM 19 that might go into creating an organizational chart. 10:52AM 20 correct? 10:52AM 21 A. I did not. 10:52AM 22 Q. Okay. So as far as what those documents 10:52AM 23 contain that were used to create this organizational 10:52AM 24 chart, you don't have personal knowledge of those as we 10:52AM	1 A. I did not type the words, no. 10:53AM 2 Q. Okay. And as far as Exhibit A, well, let's 10:53AM 3 go through the exhibits first. Exhibit number A to your 10:53AM 4 affidavit this was a -- we might get more in depth in a 10:53AM 5 second, but what I want to talk to you about is, number 10:53AM 6 one, what is this? 10:53AM 7 A. It's the worker's comp policy page that was 10:53AM 8 in effect at the time of the accident. 10:54AM 9 Q. Okay. And as far as going out and searching 10:54AM 10 for this document, did you do that or did it come to you 10:54AM 11 as part of this affidavit? 10:54AM 12 A. It's within my group, so we provided the 10:54AM 13 document. 10:54AM 14 Q. Okay. Who did you provide the document to? 10:54AM 15 A. To legal. 10:54AM 16 Q. Okay. All right. So let's go on to the next 10:54AM 17 one. Exhibit B, KapStone entity directors and officers. 10:54AM 18 did you create this document? 10:54AM 19 A. I did not. 10:54AM 20 Q. Okay, where did it come from or do you know? 10:54AM 21 A. I am not sure, but I have seen something 10:54AM 22 similar on our Internet. 10:54AM 23 Q. Okay. And fair enough. But as far as 10:54AM 24 whether or not the one on the Internet is the same, you 10:54AM

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1 don't know, right? 10:54AM	1 Q. I can re-ask it if you need me to. 10:56AM
2 A. I don't know. 10:54AM	2 A. As I said, I believe it's on our Internet. 10:57AM
3 Q. Okay. All I want to talk to you about is as 10:54AM	3 Q. Okay. When you say on your Internet what do 10:57AM
4 far as reviewing any actual documentation in order to 10:54AM	4 you mean? 10:57AM
5 create this list, you didn't do that? 10:54AM	5 10:57AM
6 A. I did not. 10:54AM	6 A. Documents that are available to KapStone 10:57AM
7 Q. Okay. As far as having personal knowledge as 10:54AM	7 employees. 10:57AM
8 to what paperwork is contained with filings regarding 10:55AM	8 Q. Okay, so you have an internal system? 10:57AM
9 officers and directors, that wasn't research that you 10:55AM	9 A. Yes. 10:57AM
10 did in order to generate this, fair? 10:55AM	10 Q. And something the public wouldn't have access 10:57AM
11 A. Fair. 10:55AM	11 to, fair? 10:57AM
12 Q. As far as having personal knowledge as to 10:55AM	12 A. I'm not sure. 10:57AM
13 what is contained in those documents regarding directors 10:55AM	13 Q. Okay. Did you call it intranet? 10:57AM
14 and officers, you do not have any personal knowledge 10:55AM	14 A. Yes. 10:57AM
15 other than what is contained on Exhibit B, correct? 10:55AM	15 Q. Okay. Different than the Internet? 10:57AM
16 A. Correct. 10:55AM	16 A. Yes. 10:57AM
17 Q. And Exhibit B, just so we are clear, if you 10:55AM	17 Q. Intranet to my understanding would be a 10:57AM
18 look at the bottom it says updated on February 14, 2017. 10:55AM	18 system within KapStone, an internal system as far as 10:57AM
19 correct? 10:55AM	19 management and organizational documents? 10:57AM
20 A. Correct. 10:55AM	20 A. Yes. 10:57AM
21 Q. Okay. Did you review any documents as to who 10:55AM	21 Q. As far as going on the intranet to find the 10:57AM
22 the officers and directors were in 2016? 10:55AM	22 officers and directors for what they were before January 10:57AM
23 A. I did not. 10:55AM	23 1, 2017, you did not do that, fair? 10:57AM
24 Q. Okay. As far as who they were at the time of 10:55AM	24 A. Fair. 10:57AM

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1 this incident you have no idea, fair? 10:55AM	1 Q. As far as do you have any idea as to what the 10:57AM
2 MR. WILLIS: Objection, to the form of the 10:55AM	2 officers and directors are for any other entities other 10:58AM
3 question. 10:55AM	3 than the three that are listed in this two-page document 10:58AM
4 BY MR. FINDLEY: 10:55AM	4 on Exhibit B? 10:58AM
5 Q. As far as who the officers and directors were 10:55AM	5 A. Could you repeat the question, please? 10:58AM
6 at the time of this incident whether or not they are the 10:56AM	6 Q. Okay. Yes. On this two-page document on 10:58AM
7 same or different, that wasn't something you looked 10:56AM	7 Exhibit B it says KapStone entity directors and 10:58AM
8 into, is that accurate? 10:56AM	8 officers. Do you see that? 10:58AM
9 A. Yes. 10:56AM	9 A. Yes. 10:58AM
10 Q. Okay. Who provided you with this Exhibit B? 10:56AM	10 Q. Okay. And it has KapStone Paper and 10:58AM
11 A. Legal. KapStone's legal department. 10:56AM	11 Packaging Corporation, KapStone Kraft Paper Corporation. 10:58AM
12 Q. KapStone Paper and Packaging Corporation 10:56AM	12 and KapStone Charleston Kraft LLC. Do you see that? 10:58AM
13 legal department? 10:56AM	13 A. I do. 10:58AM
14 A. Yes. 10:56AM	14 Q. Okay. Do you have any idea what the other 10:58AM
15 Q. Is this document in Exhibit B something you 10:56AM	15 officers and directors are for any other entity that 10:58AM
16 ever dealt with as part of your day-to-day duties? 10:56AM	16 KapStone claims its ownership of? 10:58AM
17 A. Yes. 10:56AM	17 A. I can't tell you right now, but there is a 10:58AM
18 Q. Okay. And what I am saying is was this list 10:56AM	18 similar list for these. 10:58AM
19 generated or where did it come from? 10:56AM	19 Q. And that's what I wanted to know. As far as 10:58AM
20 MR. WILLIS: Objection, form. 10:56AM	20 you being able to testify to that, you could not do that 10:58AM
21 BY MR. FINDLEY: 10:56AM	21 today? 10:58AM
22 Q. Or do you know? 10:56AM	22 A. Correct. 10:58AM
23 MR. WILLIS: Do you understand the question? 10:56AM	23 Q. As far as going to review that list prior to 10:58AM
24 BY MR. FINDLEY: 10:56AM	24 testifying here today, it wasn't something that you did 10:58AM

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1	to prepare, correct?	10:58AM	1	A. I would not be privy to all of them, no.	11:01AM
2	A. Correct.	10:58AM	2	Q. Okay. All right. Does Exhibit C, what I	11:01AM
3	Q. Well, if you look at each one of these	10:59AM	3	have in Exhibit C it looks like just a one page similar	11:01AM
4	entities it says last change in directors and officers	10:59AM	4	to a. I guess a Power Point. Do you agree with that?	11:01AM
5	January 1, 2017. And for each one it says that there	10:59AM	5	A. I do.	11:01AM
6	was a change on January 1 of 2017. Do you see that?	10:59AM	6	Q. Okay, is it part of a larger Power Point or	11:01AM
7	A. I do.	10:59AM	7	do you know?	11:01AM
8	Q. Okay. As far as what the officers and	10:59AM	8	A. I don't know.	11:01AM
9	directors were in 2016, that is not listed in Exhibit B,	10:59AM	9	Q. Okay, as far as looking if there is any other	11:01AM
10	fair?	10:59AM	10	pages associated with that Power Point sheet, that	11:01AM
11	A. Fair.	10:59AM	11	wasn't something you did?	11:01AM
12	Q. And that is not something you went back to	10:59AM	12	A. I did not.	11:01AM
13	look at prior to this deposition, fair?	10:59AM	13	Q. All right. Would you agree with me that	11:01AM
14	A. Fair.	10:59AM	14	KapStone Paper and Packaging does not manufacture or	11:02AM
15	Q. All right. Then Exhibit C is the	10:59AM	15	sell paper products?	11:02AM
16	organizational chart that we already talked about?	10:59AM	16	A. I agree.	11:02AM
17	A. Yes.	10:59AM	17	Q. Do you agree with me that KapStone Charleston	11:02AM
18	Q. And the reason why I asked you -- well, do	10:59AM	18	Kraft LLC does manufacture and sell paper products?	11:02AM
19	you have any idea of when this document was made --	10:59AM	19	A. I agree.	11:02AM
20	strike that. Do you have any idea when this document	10:59AM	20	Q. In your affidavit on exhibit or excuse me and	11:03AM
21	was made?	11:00AM	21	we will get into this more. But on point number 12,	11:03AM
22	A. I don't.	11:00AM	22	bullet point you said KapStone Kraft and KapStone	11:03AM
23	Q. Okay. The reason why I am asking you is	11:00AM	23	Charleston share the same officers and you go through	11:03AM
24	because it says defendants on there and it's got the two	11:00AM	24	various officers and directors?	11:03AM
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1	defendants in this lawsuit. Was this document generated	11:00AM	1	A. Yes.	11:03AM
2	for the specific purpose of this litigation?	11:00AM	2	Q. Okay. And where you got the information to	11:03AM
3	A. I'm not sure.	11:00AM	3	make that statement in your affidavit was from where?	11:03AM
4	Q. Okay. Would you agree with me that it says	11:00AM	4	A. From the list that's attached.	11:03AM
5	defendants, right?	11:00AM	5	Q. From Exhibit B that was handed to you by your	11:03AM
6	A. Yes.	11:00AM	6	lawyers, correct?	11:03AM
7	Q. Defendants that are in this lawsuit, correct?	11:00AM	7	MR. WILLIS: Objection to the form of the	11:03AM
8	A. Correct.	11:00AM	8	question.	11:03AM
9	Q. Do you have any other lawsuits pending where	11:00AM	9	BY MR. FINDLEY:	11:03AM
10	those two corporations are defendants?	11:00AM	10	Q. Where did you get Exhibit B?	11:03AM
11	A. I'm not sure.	11:00AM	11	A. It was handed to me from our legal group, but	11:03AM
12	Q. Are you aware of Kapstone Paper and Packaging	11:00AM	12	it's available and necessary in the scope of my	11:03AM
13	Corporation, KapStone Kraft Paper Corporation being	11:00AM	13	responsibility.	11:03AM
14	defendants in any other lawsuits other than this one?	11:00AM	14	Q. Okay. Fair enough. I will just object to	11:03AM
15	A. Could you please repeat.	11:00AM	15	the nonresponsive portion. I am just asking you a	11:04AM
16	Q. Sure. KapStone Paper and Packaging	11:00AM	16	simple question. As far as Exhibit 12, oh, excuse me,	11:04AM
17	Corporation, and Kapstone Kraft Paper Corporation are	11:00AM	17	point 12 of your affidavit, the sole place that you	11:04AM
18	listed as defendants on Exhibit C to your affidavit.	11:00AM	18	obtained the information to make that statement was	11:04AM
19	Are you aware of any other lawsuits where they are	11:00AM	19	Exhibit B which is a document that was given to you by	11:04AM
20	defendants?	11:00AM	20	the legal department, true?	11:04AM
21	MR. WILLIS: Objection, form and scope.	11:00AM	21	A. Not true.	11:04AM
22	A. I'm not aware.	11:01AM	22	Q. Okay.	11:04AM
23	BY MR. FINDLEY:	11:01AM	23	A. I have the complete document for the other	11:04AM
24	Q. Is that something you would be privy to?	11:01AM	24	areas of my responsibility for which I need it.	11:04AM

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1 Q. Okay, so why didn't you produce the complete 11:04AM 2 document? 11:04AM 3 MR. WILLIS: Objection to the form of the 11:04AM 4 question. 11:04AM 5 A. I don't know. 11:04AM 6 Q. Okay. 11:04AM 7 MR. WILLIS: It is produced. It's in your stack. 11:04AM 8 MR. FINDLEY: Hold on. She can answer her 11:04AM 9 question for herself, Dick. 11:04AM 10 Q. Do you as far as the document that you have 11:04AM 11 attached to your affidavit, it's not a complete 11:04AM 12 document, correct? 11:04AM 13 MR. WILLIS: Objection to form. 11:04AM 14 A. Correct. 11:04AM 15 BY MR. FINDLEY: 11:04AM 16 Q. And as far as what we talked about earlier of 11:04AM 17 how this document arrived to you was the affidavit came 11:04AM 18 with the exhibits from your legal department, correct? 11:05AM 19 A. Correct. 11:05AM 20 Q. So as far as what you looked at and what you 11:05AM 21 provided as attached to your affidavit, you provided 11:05AM 22 Exhibit B which is self admitted incomplete document? 11:05AM 23 MR. WILLIS: Objection to the form of the 11:05AM 24 question. 11:05AM	1 state that the officers and directors that you cite to 11:06AM 2 of being shared come from information on Exhibit B is 11:06AM 3 what it says, right? 11:06AM 4 A. Right. 11:06AM 5 Q. Okay. And Exhibit B is incomplete? 11:06AM 6 MR. WILLIS: Objection to the form of the 11:06AM 7 question. 11:06AM 8 A. I believe that Exhibit B is complete for what 11:06AM 9 I have stated here only referencing KapStone Kraft and 11:06AM 10 KapStone Charleston. 11:06AM 11 BY MR. FINDLEY: 11:06AM 12 Q. Okay. Exhibit B has no officers and 11:06AM 13 directors from 2016, fair? 11:06AM 14 A. Fair. 11:06AM 15 Q. Well, let's just go back to the topics and we 11:06AM 16 will come back to your affidavit. Going back to Exhibit 11:06AM 17 No. 5, all right, so we talked about Exhibit No. 1 and 11:07AM 18 you, or excuse me, point number one. Let's talk about 11:07AM 19 number two. All documents that refer, relate, represent 11:07AM 20 the business segments of the operating groups of this 11:07AM 21 defendant from 2006 through to the date of the incident. 11:07AM 22 I assume you cannot testify from 2006 to the date of the 11:07AM 23 incident, is that fair? 11:07AM 24 A. Yes. 11:07AM
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1 MR. DUCAYET: Mistakes the testimony. 11:05AM 2 MR. FINDLEY: I mean how many lawyers y'all got 11:05AM 3 here, because I am only aware of one can make objection. 11:05AM 4 MR. DUCAYET: Oh, is that right? 11:05AM 5 MR. FINDLEY: Yeah. 11:05AM 6 MR. DUCAYET: Okay. 11:05AM 7 MR. FINDLEY: Do you know different? 11:05AM 8 MR. WILLIS: Yeah, my form objection covers that 11:05AM 9 basis under our local rules or under the self binding 11:05AM 10 rules, so. 11:05AM 11 BY MR. FINDLEY: 11:05AM 12 Q. So let's go back to my question, all right. 11:05AM 13 number 12 to your affidavit, KapStone entity directors 11:05AM 14 and officers is a two-page document that was updated on 11:05AM 15 February 14, 2017, correct? 11:05AM 16 A. Yes. 11:05AM 17 Q. Okay. That document you said there -- did 11:05AM 18 you say that there is a more complete version of it that 11:05AM 19 you deal with? 11:05AM 20 A. Yes. 11:05AM 21 Q. Okay. And that version isn't attached to 11:05AM 22 your affidavit, is that fair? 11:05AM 23 A. Yes. 11:06AM 24 Q. Okay. But when we talk about number 12, you 11:06AM	1 Q. Okay. As far as documents that refer or 11:07AM 2 relate to the representation of business segments and 11:07AM 3 operating groups of this defendant, as far as what those 11:07AM 4 contain, those would be contained in your affidavit, the 11:07AM 5 documents that you can testify to? 11:07AM 6 A. Yes. 11:07AM 7 Q. Okay. Can you testify to any other documents 11:07AM 8 that you have reviewed for that topic? 11:07AM 9 MR. DUCAYET: I'm sorry, can I get the question 11:07AM 10 back, I'm not sure that I understand it. 11:07AM 11 MR. FINDLEY: You can just repeat the last two 11:07AM 12 questions back to her. 11:07AM 13 (Questions and answers read.) 11:08AM 14 MR. WILLIS: So it's that last question that he is 11:09AM 15 asking you. Any other documents that you have reviewed 11:09AM 16 that are -- 11:09AM 17 MR. FINDLEY: Well, here, if you want me to 11:09AM 18 rephrase the question. Can you answer the question as 11:09AM 19 far as I phrased it or you need it rephrased? 11:09AM 20 A. May I have it rephrased. 11:09AM 21 Q. Sure. Number two of the topics that I have 11:09AM 22 given you, I wanted someone to testify regarding 11:09AM 23 documents that refer, relate or represent the business 11:09AM 24 segments of the operating group from 2006 to the 11:09AM

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1 present. We agree you can't do 2006 to the present. 11:09AM 2 correct? 11:09AM 3 A. Correct. 11:09AM 4 Q. Okay. Now what I am trying to figure out is 11:09AM 5 as far as documents that refer, relate or represent the 11:09AM 6 business segments of this operating group, the documents 11:09AM 7 that you reviewed to be able to provide testimony on as 11:09AM 8 we sit here today are the ones that we talked about in 11:09AM 9 your affidavit, is that true? 11:09AM 10 A. I cannot speak to all documents that refer 11:09AM 11 to, relate, represent from 2016 to 2017. 11:09AM 12 Q. Cannot? 11:09AM 13 A. Cannot. 11:10AM 14 Q. Okay. And that's all I wanted to know. As 11:10AM 15 far as talk about those documents, the only documents 11:10AM 16 that you can testify to or you would feel comfortable 11:10AM 17 testifying to as we sit here today, would be those that 11:10AM 18 were attached to your affidavit, fair? 11:10AM 19 A. Fair. 11:10AM 20 Q. As far as documents that are not attached to 11:10AM 21 your affidavit, you wouldn't feel comfortable testifying 11:10AM 22 to those as we sit here today, fair? 11:10AM 23 A. Fair. 11:10AM 24 Q. Okay. All right, let's go on to number three 11:10AM	1 idea for. As far as the existence, creation or review 11:11AM 2 of any documents related to this litigation or related 11:11AM 3 to these topics, as far as what you would be prepared to 11:11AM 4 testify to today would be the documents contained in 11:11AM 5 your affidavit, correct? 11:11AM 6 A. Correct. 11:11AM 7 Q. Okay. Any other documents outside of that, 11:11AM 8 isn't something you reviewed to prepare for this 11:11AM 9 deposition, fair, outside of your affidavit? 11:12AM 10 A. Can you say that again, please? 11:12AM 11 Q. Sure. We know there is lots of documents out 11:12AM 12 there, do you agree with me? 11:12AM 13 A. I do. 11:12AM 14 Q. Okay. And you'd agree with me that KapStone 11:12AM 15 maintains all sorts of documents, right? 11:12AM 16 A. Yes. 11:12AM 17 Q. And you'd agree with me that some of those 11:12AM 18 documents would probably fall under the scope of the 11:12AM 19 topic as I have it written here, correct? 11:12AM 20 A. Yes. 11:12AM 21 Q. Okay. And what you are saying is you didn't 11:12AM 22 go back and look at those, so you wouldn't be prepared 11:12AM 23 to testify as to the existence of those, fair? 11:12AM 24 A. Fair. 11:12AM
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1 and the reason why I am asking you these questions, I am 11:10AM 2 not trying to be rude. What I am trying to do is I 11:10AM 3 don't know what you know and I am trying to narrow what 11:10AM 4 we cover. So if you don't know about it, that's fine. 11:10AM 5 it's just easier for me to know on the front end, okay? 11:10AM 6 A. Okay. 11:10AM 7 Q. So if we go to number three, all documents 11:10AM 8 that refer, relate, represent KapStone Charleston Kraft 11:10AM 9 LLC including all parties holding an interest directly 11:10AM 10 or indirectly in KapStone Kraft LLC, from 2006 to 11:10AM 11 present, based on your previous questions, you couldn't 11:11AM 12 do 2006 to present, right? 11:11AM 13 A. Right. 11:11AM 14 Q. Okay. As far as what you could testify to or 11:11AM 15 documents that refer or relate to the representation of 11:11AM 16 ownership would be the A, B, and C documents that we 11:11AM 17 talked about in your affidavit, correct? 11:11AM 18 A. Correct. 11:11AM 19 Q. Documents beyond the A, B, and C in your 11:11AM 20 affidavit you would not be able to talk about as we sit 11:11AM 21 here today? 11:11AM 22 A. I cannot speak to all documents for any 11:11AM 23 topic. 11:11AM 24 Q. Okay, and that is what I am trying to get an 11:11AM	1 MR. DUCAYET: Hold on a second. Why don't you 11:12AM 2 just ask her if she reviewed anything other than what's 11:12AM 3 in her affidavit. 11:12AM 4 MR. FINDLEY: How about this, why don't you not 11:12AM 5 instruct the witness. You are not a counsel of record. 11:12AM 6 MR. DUCAYET: I am not instructing the witness to 11:12AM 7 do anything. I am asking you to ask a clear question, 11:12AM 8 okay. 11:12AM 9 MR. FINDLEY: Okay. 11:12AM 10 Q. Did you understand my question? 11:12AM 11 A. No. 11:12AM 12 MR. FINDLEY: Okay. Well, let's repeat it for 11:12AM 13 you. 11:12AM 14 If you bring it up again, I am going to 11:12AM 15 have to ask you to leave the room. You are not counsel 11:12AM 16 of record. You are obstructing deposition testimony. 11:13AM 17 MR. DUCAYET: I am not going anywhere, Counsel. I 11:13AM 18 am not obstructing anything. I am asking you to ask a 11:13AM 19 clear question. 11:13AM 20 MR. FINDLEY: Okay, and I will ask it again. 11:13AM 21 MR. DUCAYET: That was not a clear question. If 11:13AM 22 you are going to repeat the question, that was not a 11:13AM 23 clear question. 11:13AM 24 MR. FINDLEY: We can play it for the video for the 11:13AM

Page 49 1 judge and you can get pro hac admitted and you can come 11:13AM 2 down there and explain why you keep interrupting my 11:13AM 3 deposition. 11:13AM 4 So let's go back to my question, if you could 11:13AM 5 read it for the lawyer, alleged. 11:13AM 6 MR. DUCAYET: Excuse me. 11:13AM 7 MR. FINDLEY: I said the alleged lawyer because I 11:13AM 8 haven't seen you enrolled. 11:13AM 9 MR. DUCAYET: Oh, okay, that's very professional. 11:13AM 10 Go ahead. 11:13AM 11 MR. FINDLEY: It's very professional for you to 11:13AM 12 talk during the deposition. 11:13AM 13 MS. SELTZER: Let's take a break. 11:13AM 14 MR. FINDLEY: I don't want to take a break if she 11:13AM 15 doesn't understand my question. I want my question 11:13AM 16 answered before he goes and talks to her in the hallway. 11:13AM 17 So let's go back up to the question. 11:13AM 18 (Three questions read.) 11:14AM 19 BY MR. FINDLEY: 11:14AM 20 Q. Okay. So that's my question. We talked 11:14AM 21 about there is a lot of documents out there, right? 11:14AM 22 A. Yes. 11:14AM 23 Q. Okay. The documents you have attached to 11:14AM 24 your affidavits are four documents, are A, B, and C. 11:14AM	Page 51 1 THE VIDEOGRAPHER: We are back on the record at 11:26AM 2 11:26 a.m. 11:26AM 3 BY MR. FINDLEY: 11:26AM 4 Q. All right, Ms. Hulseman, we took a short 11:26AM 5 break. Are you ready to continue? 11:26AM 6 A. I am. 11:26AM 7 Q. Okay. When you received this affidavit and 11:26AM 8 exhibit, was it given to you by e-mail or mail? 11:26AM 9 A. I don't recall. 11:26AM 10 Q. You didn't type all the words in it 11:26AM 11 obviously, right? 11:26AM 12 A. I did not type the words, no. 11:26AM 13 Q. Did it come as a Word document with the 11:26AM 14 ability for you to edit it or do you not remember one 11:27AM 15 way or the other? 11:27AM 16 A. I made edits, but I don't recall if I hand 11:27AM 17 wrote them or typed them. 11:27AM 18 Q. Okay. Do you know who you received it from? 11:27AM 19 A. The legal department. 11:27AM 20 Q. Who at the legal department? 11:27AM 21 A. I don't recall. 11:27AM 22 Q. Do you know if it was a lawyer? 11:27AM 23 A. It was a lawyer or a paralegal. 11:27AM 24 Q. And I assume you received it sometime like we 11:27AM
Page 50 1 three documents, right? 11:14AM 2 A. Right. 11:14AM 3 Q. As far as what you are prepared to testify to 11:14AM 4 today in relation to my topics, it would be those 11:14AM 5 documents, correct, A, B, and C? 11:14AM 6 MR. WILLIS: Objection to the form of the 11:14AM 7 question. 11:14AM 8 MR. FINDLEY: Correct. You can answer. 11:14AM 9 A. Correct. 11:14AM 10 Q. Okay. And that's all I am asking you. As 11:14AM 11 far as reviewing any of the other documents that are out 11:14AM 12 there that may exist or may not exist, that's not 11:14AM 13 something you came here today prepared to testify on, is 11:14AM 14 that an accurate representation? 11:14AM 15 MR. WILLIS: Objection to the form of the 11:14AM 16 question. 11:14AM 17 MR. FINDLEY: You can answer. 11:14AM 18 A. Yes. 11:14AM 19 MR. FINDLEY: Okay. Thank you. We can take a 11:14AM 20 break down. 11:14AM 21 MR. WILLIS: Let's take a short break. 11:14AM 22 THE VIDEOGRAPHER: We are going off the record at 11:14AM 23 11:14 a.m. 11:15AM 24 (Off the record.) 11:15AM	Page 52 1 talked about earlier quarter four of 2017, is that 11:27AM 2 right? 11:27AM 3 A. Quarter three. I signed in September. 11:27AM 4 Q. And it looks like it was signed and notarized 11:27AM 5 on September 20, 2017, is that accurate? 11:28AM 6 A. Yes. 11:28AM 7 Q. Okay. As far as how long of a time passed 11:28AM 8 from the time you received it until the time you signed 11:28AM 9 it, do you know? 11:28AM 10 A. I don't. 11:28AM 11 Q. Okay. Do you remember if it was years? Do 11:28AM 12 you know if it was in the late part of the 2017 that you 11:28AM 13 received it and signed it? 11:28AM 14 A. Yes. 11:28AM 15 Q. So if we said sometime in the fall of 2017 11:28AM 16 you received it and signed it, is that fair? 11:28AM 17 A. That's fair. 11:28AM 18 Q. Before you signed it did you go look at any 11:28AM 19 other documents other than the ones that were attached? 11:28AM 20 A. I did not. 11:28AM 21 Q. The only documents you have reviewed prior to 11:28AM 22 signing it was A, B, and C, right? 11:28AM 23 A. Correct. 11:28AM 24 Q. All right, so let's go back to the document 11:28AM

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1 we were just talking about. Let me make sure, Exhibit 11:29AM 2 No. 5. And what I am trying to get an idea of when we 11:29AM 3 go through these topics is let's just go to topic four 11:29AM 4 regarding documents refer or relate to the ownership of 11:29AM 5 North Charleston plant including all parties holding an 11:29AM 6 interest indirectly or directly in North Charleston 11:29AM 7 plant from 2006 to present. Starting with from 2006 to 11:29AM 8 present like we talked about earlier, you wouldn't be 11:29AM 9 prepared to talk about that entire time frame, fair? 11:29AM 10 MR. WILLIS: The same objection as to the time 11:29AM 11 frame. 11:30AM 12 A. I would not. 11:30AM 13 BY MR. FINDLEY: 11:30AM 14 Q. Okay. As far as the time frame that you 11:30AM 15 could discuss, what would that be? 11:30AM 16 A. I would not be the person to speak to that. 11:30AM 17 Q. To any portion of it? 11:30AM 18 A. Correct. 11:30AM 19 Q. Okay. So that was topic number four. Let's 11:30AM 20 go to topic number -- 11:30AM 21 A. Actually, could I -- may I add something? I 11:30AM 22 am saying that I would not be able to speak to all 11:30AM 23 documents related to that. 11:30AM 24 MR. FINDLEY: Okay. 11:30AM	1 Q. Back to my question on topic number four. 11:31AM 2 When we talk about ownership of the North Charleston 11:31AM 3 plant including all parties holding an interest directly 11:31AM 4 or indirectly in the North Charleston plant from 2006 to 11:31AM 5 the present, okay, let's talk about that for a moment. 11:31AM 6 Can you talk about the ownership in the plant directly 11:31AM 7 or indirectly from 2006 to the present? 11:32AM 8 MR. WILLIS: Objection to form. 11:32AM 9 A. No. 11:32AM 10 Q. Okay. As far as talking about the ownership 11:32AM 11 interest at the plant directly or indirectly, would you 11:32AM 12 agree with me that your knowledge to testify on would be 11:32AM 13 limited to the documents that you produced with your 11:32AM 14 affidavit A, B, and C? 11:32AM 15 MR. WILLIS: Objection to the form of the 11:32AM 16 question. 11:32AM 17 BY MR. FINDLEY: 11:32AM 18 Q. You can answer. 11:32AM 19 A. KapStone Charleston is owned by KapStone 11:32AM 20 Kraft. 11:32AM 21 Q. Okay. Objection, nonresponsive. 11:32AM 22 As far as your knowledge regarding who 11:32AM 23 owns KapStone Charleston or any of the entities we 11:32AM 24 talked about and let's strike the question. 11:32AM
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1 MR. WILLIS: Right, and for the record let me say 11:30AM 2 we have objected to this notice to the extent that it 11:30AM 3 asks for documents. What we viewed this notice as is a 11:30AM 4 topic by topic notice. And so from a topic standpoint 11:30AM 5 she is here to talk about topics. 11:30AM 6 MR. FINDLEY: You made this statement six times. 11:30AM 7 You don't need to make it to the witness. The witness 11:30AM 8 can answer the questions that I asked. I will consider 11:30AM 9 anything beyond that an instruction. 11:31AM 10 Q. Okay. So let's go back to what we are 11:31AM 11 talking about. As far as topic number four, as far as 11:31AM 12 what you can testify to related to the ownership of 11:31AM 13 North Charleston plant, what is it? 11:31AM 14 MR. WILLIS: Let me finish my objection. We are 11:31AM 15 not offering her as a 30(b)(6) witness to come in and talk 11:31AM 16 about documents. We are offering her as a 30(b)(6) 11:31AM 17 witness to come in and talk about the topics included in 11:31AM 18 your notice. 11:31AM 19 MR. FINDLEY: That's fine. You have already said 11:31AM 20 that three times. 11:31AM 21 MR. WILLIS: I just want to make that clear. 11:31AM 22 MR. FINDLEY: You have made it clear. Crystal 11:31AM 23 clear. I am tired of you making it in front of the 11:31AM 24 witness. 11:31AM	1 As far as your knowledge regarding the 11:32AM 2 ownership of the North Charleston plant including all 11:32AM 3 parties holding an interest directly or indirectly as 11:32AM 4 far as where you obtained that knowledge, okay, how you 11:32AM 5 know that knowledge, would you agree with me it came 11:33AM 6 from the documents listed in A, B and C in your 11:33AM 7 affidavit? 11:33AM 8 MR. WILLIS: Objection to the form of the 11:33AM 9 question. 11:33AM 10 A. No. 11:33AM 11 BY MR. FINDLEY: 11:33AM 12 Q. Okay, where did it come from? 11:33AM 13 A. It came from ten years with the company. I 11:33AM 14 joined shortly after that acquisition. 11:33AM 15 Q. Okay. Ten years with the company. As far as 11:33AM 16 ten years with the company are you talking about 11:33AM 17 conversations with people? 11:33AM 18 MR. WILLIS: Objection, to the form of the 11:33AM 19 question. 11:33AM 20 A. Not solely conversations, no. 11:33AM 21 BY MR. FINDLEY: 11:33AM 22 Q. What is it based on? Did you prepare the 11:33AM 23 filings? 11:33AM 24 A. I did not. 11:33AM

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1	Q. Okay. Have you reviewed them?	11:33AM	1	MR. WILLIS: Objection to form.	11:35AM
2	A. I did not.	11:33AM	2	A. I do not.	11:35AM
3	Q. Have you reviewed any of the ownership	11:33AM	3	BY MR. FINDLEY:	11:35AM
4	documents?	11:33AM	4	Q. Do you do any portion of checking it to	11:35AM
5	A. I'm not clear on what any means.	11:33AM	5	verify its accuracy?	11:35AM
6	Q. Okay. Here is what I am talking about, all	11:33AM	6	A. I am asked to review it.	11:35AM
7	right. You say that company A owns company B?	11:33AM	7	Q. Okay. Do you have to sign the 10K where it	11:35AM
8	A. Yes.	11:33AM	8	says under penalty of perjury everything in here is true	11:35AM
9	Q. And I want to explore that and I am asking	11:33AM	9	and correct?	11:36AM
10	you how do you know that? Other than working at the	11:33AM	10	A. I do not.	11:36AM
11	company, what did you look at?	11:34AM	11	Q. Okay. Do you have to as other than reviewing	11:36AM
12	A. The org chart.	11:34AM	12	it, do you make changes to it?	11:36AM
13	Q. Okay, Exhibit C to your affidavit.	11:34AM	13	A. If I find mistakes, I note them for the	11:36AM
14	A. And the other, the larger org chart.	11:34AM	14	controller.	11:36AM
15	Q. Okay, the larger org chart?	11:34AM	15	Q. Okay. Have you found mistakes before?	11:36AM
16	A. Uh-huh.	11:34AM	16	A. I have.	11:36AM
17	Q. Okay. Other than those two documents,	11:34AM	17	Q. Okay. And who would you send them to?	11:36AM
18	anything else?	11:34AM	18	A. The controller.	11:36AM
19	A. I'm not sure on the question.	11:34AM	19	Q. And who is the controller?	11:36AM
20	Q. Okay.	11:34AM	20	A. Mark Niehus.	11:36AM
21	A. I need to know the ownership structure for my	11:34AM	21	Q. Okay. And you would send them by e-mail?	11:36AM
22	work.	11:34AM	22	A. E-mail, handwritten.	11:36AM
23	Q. Right. And I got you. You need to know the	11:34AM	23	Q. Okay. Well, we have got an intra system at	11:36AM
24	ownership structure for your work?	11:34AM	24	KapStone right? Intra system or Internet as you called	11:36AM

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1	A. Right.	11:34AM	1	it?	11:36AM
2	Q. And at some point you were given the	11:34AM	2	A. Yes.	11:36AM
3	ownership structure. Someone told you about it, right?	11:34AM	3	Q. Okay. You have a KapStone e-mail address,	11:36AM
4	A. Right.	11:34AM	4	right?	11:36AM
5	Q. What did you do to go verify it, anything	11:34AM	5	A. I do.	11:36AM
6	other than the organizational chart and the other chart	11:34AM	6	Q. What is it?	11:36AM
7	you talked about which was, well, let's pull it out. It	11:34AM	7	A. Kelly.hulseman@kapstonepaper.com.	11:36AM
8	looks like it is Bates labeled KapStone 1. Is this the	11:35AM	8	Q. Okay. And do you know if the 10Ks are	11:36AM
9	other chart you are talking about?	11:35AM	9	e-mailed to you?	11:36AM
10	A. It is.	11:35AM	10	A. They are.	11:36AM
11	Q. And this is Bates labeled for the record,	11:35AM	11	Q. Okay. Do you edit them on your computer and	11:37AM
12	Kapstone 000001. Other than this chart as well as	11:35AM	12	then resend them?	11:37AM
13	Exhibit C to your affidavit, no other documents that you	11:35AM	13	A. I do not.	11:37AM
14	have personal knowledge of to show ownership?	11:35AM	14	Q. Okay. Do you print them out, hand write them	11:37AM
15	MR. WILLIS: Objection to form.	11:35AM	15	and then send them by fax?	11:37AM
16	A. The same structure is referenced in the K, it	11:35AM	16	MR. WILLIS: Objection to the form of the	11:37AM
17	explains the ownership.	11:35AM	17	question.	11:37AM
18	Q. In what the what?	11:35AM	18	A. By phone call.	11:37AM
19	A. The 10K.	11:35AM	19	BY MR. FINDLEY:	11:37AM
20	Q. Did you prepare the 10K?	11:35AM	20	Q. Okay. Or just get on the phone and tell	11:37AM
21	A. I do not.	11:35AM	21	someone what the changes may be?	11:37AM
22	Q. Do you have personal knowledge of what is	11:35AM	22	A. Yes.	11:37AM
23	contained in the 10K? What I mean by that, do you do	11:35AM	23	Q. And the only person you would ever call	11:37AM
24	any portion of generating it?	11:35AM	24	related to those changes were the controller?	11:37AM

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1	A. The controller, the accounting manager, 11:37AM	1	form, please. 11:39AM
2	Debbie Michon. 11:37AM	2	Q. Back to my question, you want to know what 11:39AM
3	Q. Now the changes you do make don't deal with 11:37AM	3	personal knowledge is, so let me explain to you what I 11:39AM
4	ownership of subsidiaries, they would deal with one of 11:37AM	4	think personal knowledge is, okay. If you didn't create 11:39AM
5	the five categories we talked about, accounts payable, 11:37AM	5	it, you didn't verify its accuracy, and you have no idea 11:39AM
6	receivable, credit collection, insurance or payroll, 11:37AM	6	where it came from, I don't view that as personal 11:39AM
7	true? 11:37AM	7	knowledge. What do you -- what is your definition of 11:39AM
8	A. True. 11:37AM	8	personal knowledge? 11:39AM
9	Q. None of the changes that you would ever make 11:37AM	9	A. I don't know how to answer that. 11:39AM
10	to a 10K has to do with ownership, fair? 11:37AM	10	Q. Okay. Well, let's do it this way. As far as 11:39AM
11	A. Fair. 11:37AM	11	what the ownership requirements are directly or 11:39AM
12	Q. And the reason for that is because you don't 11:37AM	12	indirectly, excuse me, not requirements. Strike the 11:39AM
13	have personal knowledge of ownership, you just have what 11:37AM	13	question. 11:39AM
14	you were told and what you see in Exhibit C and KapStone 11:38AM	14	As far as ownership of the entity, okay, 11:39AM
15	one, correct? 11:38AM	15	directly or indirectly, as far as documents that you are 11:39AM
16	MR. WILLIS: Objection to the form of the 11:38AM	16	familiar with that you have looked at, the two documents 11:39AM
17	question. 11:38AM	17	that represent what you view as the ownership division 11:39AM
18	MR. FINDLEY: You can answer. 11:38AM	18	would be KapStone Bates label I and Exhibit C. is that 11:39AM
19	A. I don't understand personal knowledge. 11:38AM	19	fair? 11:40AM
20	Q. Okay. Personal knowledge would mean you have 11:38AM	20	MR. DUCAYET: Objection, misstates the testimony. 11:40AM
21	the knowledge. You either created the document. You 11:38AM	21	MR. FINDLEY: I mean who are you and why do you 11:40AM
22	are familiar with what's in there. You verified the 11:38AM	22	keep making an objection? Hold on. Let me make this 11:40AM
23	document. Let me give you an example. Someone handing 11:38AM	23	objection for the record. 11:40AM
24	you a chart, Exhibit C, to your affidavit and you don't 11:38AM	24	MR. DUCAYET: You have completely, the record 11:40AM
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1	know where it was created, you don't know where it came 11:38AM	1	should reflect that you have completely mischaracterized 11:40AM
2	from, you don't know who made it, you don't know what it 11:38AM	2	her testimony. It's completely unfair. 11:40AM
3	was based on, that's not having personal knowledge, 11:38AM	3	MR. FINDLEY: You know what's unfair, having 11:40AM
4	okay? 11:38AM	4	several lawyers in a deposition making speaking 11:40AM
5	MR. WILLIS: Objection to the form of the 11:38AM	5	objections. Taking the witness out in the hallway. I 11:40AM
6	question. 11:38AM	6	mean talking to her. This is -- I don't know what the 11:40AM
7	MR. FINDLEY: I am defining what I view personal 11:38AM	7	rules are in Illinois, but you can't do this in South 11:40AM
8	knowledge is. Are you with me so far? 11:38AM	8	Carolina. 11:40AM
9	MR. WILLIS: I know, but that's not what the law 11:38AM	9	MR. WILLIS: And we didn't talk to the witness 11:40AM
10	defines personal knowledge. 11:38AM	10	offer the record, so let's put that on the record too. 11:40AM
11	MR. FINDLEY: Make your objection, Dick. 11:38AM	11	If you just ask this in a nonleading way, Kyle. She 11:40AM
12	MR. WILLIS: I object to the question. 11:38AM	12	would give you the answers you need. 11:40AM
13	MR. FINDLEY: I have three lawyers in here all 11:38AM	13	MR. FINDLEY: Dick, it's cross examination. I can 11:40AM
14	claiming to represent the same party. All three of you 11:38AM	14	lead the witness. Because we are going to take this 11:40AM
15	have spoken on the record. So let's keep it to 11:38AM	15	whole transcript to the court and you can come answer 11:40AM
16	objections and leave it there. 11:38AM	16	for his sins of talking during my deposition. 11:40AM
17	MR. WILLIS: I am stating my objection. That's 11:38AM	17	Q. So let me ask you very clearly one more time 11:40AM
18	not what personal knowledge is under the law. 11:39AM	18	Ma'am, okay, let's start here, what did you do out in 11:40AM
19	MR. FINDLEY: How many times you want to say it? 11:39AM	19	the hallway? 11:41AM
20	MR. WILLIS: I have made it clear. 11:39AM	20	A. I went to the restroom. 11:41AM
21	MR. FINDLEY: All right. How about an objection 11:39AM	21	Q. Okay. 11:41AM
22	form, can we agree to that? 11:39AM	22	A. I sent a text or read a text. 11:41AM
23	MR. WILLIS: Yes. 11:39AM	23	Q. Did you speak with the lawyer who keeps 11:41AM
24	MR. FINDLEY: All right, so leave it at objection 11:39AM	24	talking during the deposition? 11:41AM

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1	A. Not about this, no.	11:41AM	1	stop the deposition, you choose.	11:42AM
2	Q. Why did he carry out a whole stack of	11:41AM	2	MR. WILLIS: Let's take a break.	11:42AM
3	documents to you in the hallway?	11:41AM	3	MR. FINDLEY: No, I have a question pending.	11:42AM
4	MR. WILLIS: Objection. We didn't carry out	11:41AM	4	MR. WILLIS: Ask the question, get the response	11:42AM
5	documents to her in the hallway.	11:41AM	5	and we are going to take a break.	11:42AM
6	MR. FINDLEY: He did.	11:41AM	6	MR. FINDLEY: Hold on. Can I get the record clear	11:42AM
7	MR. DUCAYET: I carried out my notes and the	11:41AM	7	here, please. Enough talking from lawyers for one	11:42AM
8	exhibits that you have marked.	11:41AM	8	second.	11:42AM
9	BY MR. FINDLEY:	11:41AM	9	MS. SELTZER: You are a lawyer too.	11:42AM
10	Q. Did you talk to your lawyers at all?	11:41AM	10	MR. FINDLEY: Okay.	11:42AM
11	A. Just Wendy.	11:41AM	11	MR. WILLIS: Finish your question.	11:42AM
12	Q. Okay. You talked to Wendy out in the hallway	11:41AM	12	MR. FINDLEY: Ma'am, what did you talk about with	11:43AM
13	during the break, correct?	11:41AM	13	your lawyer in the hallway? Under penalty of perjury	11:43AM
14	A. Correct.	11:41AM	14	tell us what that was.	11:43AM
15	Q. What did y'all talk about?	11:41AM	15	A. I said how do you think it's going and will I	11:43AM
16	MR. WILLIS: And again it's to the extent that	11:41AM	16	go to jail. Laugh.	11:43AM
17	it's attorney/client privilege, right, I object and I am	11:41AM	17	Q. Okay. What would you go to jail for, not	11:43AM
18	not going to let her answer that.	11:41AM	18	telling the truth? I don't understand?	11:43AM
19	MR. FINDLEY: Okay. South Carolina you know the	11:41AM	19	MR. WILLIS: She meant that in jest.	11:43AM
20	rules. You can't talk to a witness in the hallway	11:41AM	20	A. I meant that in jest.	11:43AM
21	during a deposition once she is sworn in.	11:41AM	21	MR. FINDLEY: Okay, what was the response?	11:43AM
22	MR. WILLIS: No, you can't talk about the	11:41AM	22	A. She said I was not going to jail.	11:43AM
23	substance of the testimony.	11:41AM	23	Q. Okay. What else did y'all talk about?	11:43AM
24	MR. FINDLEY: All right, so let me ask the	11:41AM	24	A. Nothing.	11:43AM
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1	questions. What did you talk about with her?	11:41AM	1	Q. Okay. What did you talk about in relation to	11:43AM
2	MR. WILLIS: Did we discuss the substance of your	11:42AM	2	documents?	11:43AM
3	testimony.	11:42AM	3	A. Nothing.	11:43AM
4	MR. FINDLEY: Hold on. Dick, Dick, stop. I am	11:42AM	4	Q. Okay. That was one comment and that's it?	11:43AM
5	asking the question. This is the most obstructive	11:42AM	5	A. Right, and then I went to the restroom.	11:43AM
6	deposition I have seen.	11:42AM	6	Q. Okay. And when you got back from the	11:43AM
7	MR. WILLIS: You don't need to raise your voice to	11:42AM	7	restroom was there any other conversations?	11:43AM
8	me, Kyle, I can hear you.	11:42AM	8	A. She said did you think I left again in jest.	11:43AM
9	MR. FINDLEY: I am not raising my voice.	11:42AM	9	Q. Okay. Other than those two comments, did you	11:43AM
10	MS. SELTZER: You are raising your voice.	11:42AM	10	make any other comments?	11:43AM
11	MR. FINDLEY: Okay, another lawyer. Please.	11:42AM	11	A. I did not.	11:43AM
12	MS. SELTZER: I am a human. Stop raising your	11:42AM	12	Q. Did she make any other comments to you?	11:43AM
13	voice.	11:42AM	13	A. No.	11:43AM
14	MR. FINDLEY: One lawyer at a time. No. Hold on.	11:42AM	14	MR. FINDLEY: Okay. All right.	11:43AM
15	Don't hamper the record with your self-serving comments,	11:42AM	15	MR. WILLIS: All right, let's take a break.	11:44AM
16	Ma'am. Back to my comments.	11:42AM	16	MR. FINDLEY: Okay. Let's take a break.	11:44AM
17	SELTZER: You are hampering the record with your	11:42AM	17	THE VIDEOGRAPHER: Often the record at 11:43 a.m.	11:44AM
18	self-serving comments. So you better lower your voice	11:42AM	18	(Short recess.)	11:44AM
19	or we are going to stop the deposition until you can	11:42AM	19	THE VIDEOGRAPHER: We are back on the record at	11:51AM
20	figure out how to control yourself.	11:42AM	20	11:51 a.m.	11:52AM
21	MR. FINDLEY: Okay, if you want to stop the	11:42AM	21	BY MR. FINDLEY:	11:52AM
22	deposition, then stop it right now. I am going to ask	11:42AM	22	Q. Ma'am, are you ready to continue?	11:52AM
23	my questions.	11:42AM	23	A. I am.	11:52AM
24	MS. SELTZER: If you badger the witness we will	11:42AM	24	Q. Okay. When we left off I believe we were	11:52AM

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1 talking about some of these topics, so let's go back to 11:52AM 2 it. As far as the articles, number six, if you would 11:52AM 3 follow along with me, Articles of Organization including 11:52AM 4 subsequent filings for this defendant. As far as the 11:52AM 5 Articles of Incorporation, are those documents you have 11:52AM 6 reviewed or are prepared to testify regarding? 11:52AM 7 A. I have not reviewed. 11:52AM 8 Q. Okay. So that wouldn't be a good topic for 11:52AM 9 you? That would be someone else as well? 11:52AM 10 A. Correct. 11:52AM 11 Q. Okay. And that's fair. I am just trying to 11:52AM 12 get through some of these so we get to what you do know. 11:52AM 13 okay. Number seven, I guess that's a kind of a repeat. 11:53AM 14 Oh, excuse me, this one is for KapStone Charleston Kraft 11:53AM 15 LLC, okay, the same would be true for that? 11:53AM 16 A. Yes. 11:53AM 17 Q. Someone else would testify to that? 11:53AM 18 A. Yes. 11:53AM 19 Q. Okay. All right, let's go to number 18, if 11:53AM 20 you would. It's the next page. Documents refer, 11:53AM 21 relate, represent the corporate relationship. So this 11:53AM 22 topic is talking about the corporate relationship 11:53AM 23 between KapStone Paper and Packaging Corporation, 11:53AM 24 KapStone Kraft Paper Corporation, and KapStone 11:53AM	1 to and then I have got A through Q, okay, do you see 11:54AM 2 that? 11:54AM 3 A. I do. 11:54AM 4 Q. Okay. As far as being able to testify under 11:54AM 5 oath regarding the hierarchy, structure, policies and 11:55AM 6 procedures related to directors, officers, employees for 11:55AM 7 A, that would not be you, correct? 11:55AM 8 A. Correct. 11:55AM 9 Q. Okay. As far as property ownership regarding 11:55AM 10 any of the property for KapStone, that would not be you 11:55AM 11 either, correct? 11:55AM 12 A. Correct. 11:55AM 13 Q. Okay. C, business departments and divisions. 11:55AM 14 You can talk about your department, but probably not the 11:55AM 15 others, is that fair? 11:55AM 16 A. I could not speak to all documents. 11:55AM 17 MR. WILLIS: Objection to the form of the 11:55AM 18 question. 11:55AM 19 BY MR. FINDLEY: 11:55AM 20 Q. Fair. What I am talking about -- I heard 11:55AM 21 your objection, 11:55AM 22 What I am talking about, Ma'am, is a 11:55AM 23 little bit different. What I am talking about is can 11:55AM 24 you talk about the hierarchy, corporate partnership 11:55AM
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1 Charleston Kraft LLC. Okay, you understand what that's 11:53AM 2 in relation to, correct? 11:53AM 3 A. Yes. 11:53AM 4 Q. Okay. Now, as far as we talked about earlier 11:53AM 5 as far as the organizational charts are concerned or how 11:53AM 6 they are structured regarding ownership, those were the 11:53AM 7 documents we talked about, Exhibit C in number one? 11:53AM 8 A. Yes. 11:54AM 9 Q. Okay, any other documents that you reviewed 11:54AM 10 that you can talk to us about regarding the corporate 11:54AM 11 relationship between the parties other than those two? 11:54AM 12 A. No. 11:54AM 13 Q. Okay. The same with 19 as far as the 11:54AM 14 responsibilities and officers and directors of those 11:54AM 15 various entities, are you a person who can testify to 11:54AM 16 that? 11:54AM 17 A. I am not. 11:54AM 18 Q. Okay. So that would be for someone else as 11:54AM 19 well? 11:54AM 20 A. Yes. 11:54AM 21 Q. Okay. All right. So number 20, all 11:54AM 22 documents that represent internal corporate partnership 11:54AM 23 structure, hierarchy, organization, policies and 11:54AM 24 procedures of this defendant including, but not limited 11:54AM	1 structure, organization or the policies and procedures 11:55AM 2 of the business departments or divisions in KapStone 11:55AM 3 Packaging or excuse me, KapStone Paper and Packaging 11:56AM 4 Corporation? 11:56AM 5 A. No, I cannot. 11:56AM 6 Q. Okay. What about stock or unit interest 11:56AM 7 ownership related to KapStone Paper and Packaging 11:56AM 8 Corporation, can you testify and bind the company 11:56AM 9 regarding that topic? 11:56AM 10 A. I cannot. 11:56AM 11 Q. Okay. What about regarding the financial 11:56AM 12 statements and tax returns? 11:56AM 13 A. I cannot. 11:56AM 14 Q. Okay, what about the capital expenditures and 11:56AM 15 budgeting? 11:56AM 16 A. I cannot. 11:56AM 17 Q. Okay. What about financing? 11:56AM 18 A. I cannot. 11:56AM 19 Q. What about testifying regarding computer 11:56AM 20 communications and information technology systems at 11:56AM 21 KapStone Paper and Packaging Corporation? 11:56AM 22 A. I cannot. 11:56AM 23 Q. Okay. What about accounting systems? 11:56AM 24 A. I cannot speak to all documents again. 11:57AM

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1 MR. WILLIS: And let me state, I think we have got 11:57AM 2 a miscommunication as to the question. 11:57AM 3 BY MR. FINDLEY: 11:57AM 4 Q. Okay. What I am asking you is a little bit 11:57AM 5 different. What I am asking you is can you testify and 11:57AM 6 bind the company regarding the things that I have named, 11:57AM 7 okay. We have already been through A through H. I 11:57AM 8 assume that means that someone else would be better 11:57AM 9 suited to testify to those topics, fair? 11:57AM 10 A. To cover all documents related to them, yes. 11:57AM 11 Q. Okay. And when I say all documents, what I 11:57AM 12 want to talk about is I just want to know about 11:57AM 13 corporate knowledge, okay. Let's put documents aside 11:57AM 14 for a second. Let's just talk about corporate 11:57AM 15 knowledge. Are you prepared to bind the company related 11:57AM 16 to those A through H that you said no to? 11:57AM 17 A. No. 11:57AM 18 Q. Okay, so those would remain true, right, 11:57AM 19 meaning you would not be the person who would want to 11:57AM 20 sit here and be prepared to testify on behalf of the 11:57AM 21 company under oath related to A through H, fair? 11:57AM 22 A. Fair. 11:58AM 23 Q. Okay. So let's go to I. As far as 11:58AM 24 accounting systems, okay, let's just talk about 11:58AM	1 okay, those all deal with policies and procedures, okay, 11:59AM 2 I assume that you would not be the corporate person to 11:59AM 3 testify regarding policies and procedures at the various 11:59AM 4 entities, fair? 11:59AM 5 A. I would not. 11:59AM 6 Q. Okay. So that takes care of K, L, and M, do 11:59AM 7 you agree? 11:59AM 8 A. I do. 11:59AM 9 Q. Okay. Now N it says director, member, 11:59AM 10 officer, employee, and contractor policies and 11:59AM 11 procedures. Okay, as far as being the corporate 11:59AM 12 representative to testify regarding corporate knowledge 12:00PM 13 of that topic, meaning director, member, officer, 12:00PM 14 employer, and contractor policies and procedures, I 12:00PM 15 assume that wouldn't be you as well, correct? 12:00PM 16 A. Correct. 12:00PM 17 Q. All right. Regulatory compliance, can you 12:00PM 18 testify to KapStone Paper and Packaging Corporation's 12:00PM 19 regulatory compliance? 12:00PM 20 A. I could not. 12:00PM 21 Q. Communication filings with the United States 12:00PM 22 Secretary and Exchange Commissions, okay. As far as 12:00PM 23 communications, filings with the SEC, could, you testify 12:00PM 24 regarding corporate knowledge of that subject? 12:00PM
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1 accounting systems at KapStone Paper and Packaging 11:58AM 2 Corporation. Would you feel comfortable testifying as 11:58AM 3 the corporate representative on corporate knowledge 11:58AM 4 relating to the accounting systems? 11:58AM 5 A. No, I would not. 11:58AM 6 Q. Okay. Would you be comfortable testifying as 11:58AM 7 the corporate representative related to corporate 11:58AM 8 knowledge of the payroll systems at KapStone Paper and 11:58AM 9 Packaging Corporation? How payroll systems work, things 11:58AM 10 of that sort. 11:58AM 11 A. I am the person that manages payroll and the 11:58AM 12 relationship. 11:59AM 13 Q. Okay. So that one it might depend on the 11:59AM 14 question you are asked, fair? 11:59AM 15 A. Fair. 11:59AM 16 Q. But you could testify to some of it? 11:59AM 17 A. Fair. 11:59AM 18 Q. Okay, so I am just going to put a plus next 11:59AM 19 to that one and if at any point that I ask you something 11:59AM 20 about the payroll system that you don't know the answer 11:59AM 21 to, would you let me know so we can find out who to talk 11:59AM 22 to regarding that? 11:59AM 23 A. I will. 11:59AM 24 Q. Now, as far as K through M, K, L, and M. 11:59AM	1 A. I could not. 12:00PM 2 Q. Okay. As far as testifying with corporate 12:00PM 3 knowledge related to communications with shareholders 12:00PM 4 and/or unit interests owners, could you testify 12:00PM 5 regarding that topic? 12:00PM 6 A. I could not. 12:00PM 7 Q. Okay. All right, 21 goes to documents Kelly 12:00PM 8 Hulseman relied on, upon in drafting and formulating 12:01PM 9 statements made in the Affidavit, that's 21, are you 12:01PM 10 with me? 12:01PM 11 A. I am. 12:01PM 12 Q. Okay. So you could testify to what's 12:01PM 13 contained in the Affidavit as well as the documents A, B 12:01PM 14 and C is what I understand that topic to mean? 12:01PM 15 MR. WILLIS: Objection to the form of the 12:01PM 16 question. 12:01PM 17 BY MR. FINDLEY: 12:01PM 18 Q. Well, let me ask it to you better then. Did 12:01PM 19 you understand what I was asking? 12:01PM 20 A. Can you repeat. 12:01PM 21 Q. Sure. No problem. As far as topic 21 is 12:01PM 22 just a topic for a corporate representative to testify 12:01PM 23 regarding the Affidavit in drafting and the statements 12:01PM 24 made in it as well as Exhibits A, B, and C, would you be 12:01PM

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1	able to testify to that? 12:01PM	1	compensation insurance, were you involved in that 12:04PM
2	A. Yes. 12:01PM	2	process? 12:04PM
3	Q. Okay. All right. The next one deals with 12:01PM	3	A. Insurance is in the scope of my 12:04PM
4	officers, committee members, board members or other 12:02PM	4	responsibility. I procure for the company. 12:04PM
5	management level individuals for KapStone Paper and 12:02PM	5	Q. Uh-huh. Were you involved in procuring the 12:04PM
6	Packaging Corporation, KapStone Kraft Paper Corporation 12:02PM	6	worker's compensation? 12:04PM
7	and KapStone Charleston Kraft LLC and the duties and 12:02PM	7	A. I was. 12:04PM
8	tasks of such individuals, I think we talked about that 12:02PM	8	Q. That is related to this incident? 12:04PM
9	a little earlier, you couldn't be the corporate 12:02PM	9	A. I was. 12:04PM
10	representative to testify to the topics related to the 12:02PM	10	Q. Okay. So I will put a plus or minus next to 12:04PM
11	duties and tasks of officers, directors, committee 12:02PM	11	that one, is that fair for 25? 12:05PM
12	members and board members, correct? 12:02PM	12	A. Yes. 12:05PM
13	A. Correct. 12:02PM	13	Q. Okay. Copy of the worker's compensation 12:05PM
14	Q. Okay. someone else? 12:02PM	14	insurance policy, that would be Exhibit A we looked at 12:05PM
15	A. Correct. 12:02PM	15	to your affidavit? 12:05PM
16	Q. All right. If we talk about contracts, okay. 12:02PM	16	A. Part of Exhibit A, yes. 12:05PM
17	if I wanted to ask questions regarding contracts that 12:02PM	17	Q. Is there more? 12:05PM
18	were entered into by KapStone Paper and Packaging 12:02PM	18	A. Or that is part of the policy. Yes, there is 12:05PM
19	Corporation, KapStone Kraft Paper Corporation or 12:02PM	19	more. 12:05PM
20	KapStone Charleston Kraft, LLC, would you be prepared to 12:02PM	20	Q. There is a bigger policy out there, but what 12:05PM
21	testify for corporate knowledge related to KapStone 12:02PM	21	is attached here would be Exhibit A, right, to your 12:05PM
22	Paper and Packaging Corporation regarding those 12:03PM	22	affidavit? 12:05PM
23	contracts? 12:03PM	23	A. Right. 12:05PM
24	A. Not all of the contracts, no. 12:03PM	24	Q. Okay. What about actual communications with 12:05PM
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1	Q. Okay, and that's fair. And do you know a 12:03PM	1	the compensation carrier, planned administrator, is that 12:05PM
2	category of contracts you might be able to testify to? 12:03PM	2	you or someone else? 12:05PM
3	A. The ones that are within my scope. 12:03PM	3	A. Me or somebody in my group. 12:05PM
4	Q. And those would include which ones? 12:03PM	4	Q. Okay. And that's what I was going to ask you 12:05PM
5	A. I am unable to list them all, but for example 12:03PM	5	about, is you have people who work underneath you, 12:05PM
6	an 80P contract, they are our payroll provider. 12:03PM	6	right? 12:05PM
7	Q. Okay, a contract with the payroll company? 12:03PM	7	A. Yes. 12:05PM
8	A. Correct. 12:03PM	8	Q. And sometimes they might be tasked with, I 12:05PM
9	Q. Okay. So you are saying you might, depending 12:03PM	9	guess, communicating with the worker's compensation 12:05PM
10	on the question, be able to talk about contracts as it 12:03PM	10	administrator, fair? 12:05PM
11	relates to your job, right? 12:03PM	11	A. Correct. 12:05PM
12	A. Right. 12:03PM	12	Q. Okay. As far as the communications related 12:05PM
13	Q. Okay. All right, 24, regarding 12:03PM	13	to this incident, Jacque Lucas and Simerly, you 12:05PM
14	communications between KapStone Charleston -- excuse me. 12:03PM	14	understand what this incident means, right? 12:06PM
15	strike that question. Communications between KapStone 12:04PM	15	A. I do. 12:06PM
16	Kraft Paper and Packaging Corporation and KapStone 12:04PM	16	Q. Who would be the person who was tasked with 12:06PM
17	Charleston Kraft LLC regarding worker's compensation 12:04PM	17	that in your group? 12:06PM
18	insurance and any related benefits. Is that something 12:04PM	18	A. At the time of the incident it would be me. 12:06PM
19	you could bind the company on or would it be someone 12:04PM	19	Q. Okay. 12:06PM
20	else? 12:04PM	20	A. And now it would be Hiep. 12:06PM
21	A. That would depend on the question. 12:04PM	21	Q. Hiep. 12:06PM
22	Q. Okay. So I am just going to put a plus or 12:04PM	22	A. Hiep Phung, the risk manager. 12:06PM
23	minus next to that one, okay. What about communications 12:04PM	23	Q. Okay. And when did that change, January 12:06PM
24	regarding the actual securing of the worker's 12:04PM	24	2017? 12:06PM

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1 A. No, Hiep joined in November of '16. 12:06PM 2 Q. When Hiep joined did he take over that role 12:06PM 3 of being the liaison, if you will. for communications 12:06PM 4 with the worker's compensation administrator related to 12:06PM 5 this incident? 12:06PM 6 A. Related to the insurance and all incidents, 12:06PM 7 yes. 12:06PM 8 Q. Okay. So when he joined, you delegated that 12:06PM 9 duty to him, fair? 12:06PM 10 A. That responsibility was his, yes. 12:06PM 11 Q. Okay. And that's all I am asking about. So 12:06PM 12 as far as the communications with the administrator and 12:06PM 13 related to the worker's compensation, you would be able 12:07PM 14 to testify as to what occurred prior to Hiep joining and 12:07PM 15 Hiep might have the most knowledge related to it from 12:07PM 16 that point on? 12:07PM 17 A. Depending on the question, yes. 12:07PM 18 Q. Okay. All right, as far as checks and 12:07PM 19 payments or wires made by KapStone Paper and Packaging 12:07PM 20 Corporation related to insurance or benefits paid from 12:07PM 21 2006 to present, would you be able to testify as to that 12:07PM 22 and bind the company on behalf of KapStone Paper and 12:07PM 23 Packaging Corporation? 12:07PM 24 MR. WILLIS: Again the same objection on your 12:07PM	1 minus next to that one. I guess that would depend on 12:08PM 2 the question, fair, as far as whether it would be you or 12:09PM 3 Hiep to answer it? 12:09PM 4 A. Okay, fair. 12:09PM 5 Q. I am not trying to put words in your mouth. 12:09PM 6 I am trying to make sure we are on the same page. Is 12:09PM 7 there anyone else other than you and Hiep that would be 12:09PM 8 exposed to talking about those things? 12:09PM 9 MR. WILLIS: You mean knowledgeable about those 12:09PM 10 things? 12:09PM 11 MR. FINDLEY: Yes, that's what I mean. 12:09PM 12 A. Some people, employees of KapStone get 12:09PM 13 invoices based on their relationship. We get invoices 12:09PM 14 based on this one and we process them, yes. 12:09PM 15 Q. You get invoices based on the relationships. 12:09PM 16 what do you mean? 12:09PM 17 A. For example, legal would get their own 12:09PM 18 invoices and they would submit for payment. The same 12:09PM 19 process is true for us in this area. 12:09PM 20 Q. And so the lawyers who are sitting here at 12:09PM 21 this table will submit a bill to you, correct? 12:09PM 22 A. Yes, my group. 12:09PM 23 Q. And then you would pay that bill? 12:09PM 24 A. Kapstone Paper would pay that bill, yes. 12:09PM
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1 date. 12:07PM 2 A. I was not employed by KapStone in 2006, so 12:07PM 3 no. 12:07PM 4 BY MR. FINDLEY: 12:07PM 5 Q. I am just doing it the way we did the other 12:07PM 6 ones. As far as the time frame you couldn't do it as 12:08PM 7 written, fair? 12:08PM 8 A. Right. 12:08PM 9 Q. As far as whether you could do it at all, is 12:08PM 10 there any portion, any time frame that you'd be 12:08PM 11 comfortable testifying and binding the company on 12:08PM 12 related to payments, checks or wires for compensation. 12:08PM 13 insurance or benefits paid? 12:08PM 14 A. I manage the worker's compensation insurance 12:08PM 15 relationship. 12:08PM 16 Q. With Hiep? 12:08PM 17 A. With Hiep, yes. So invoices come to us and 12:08PM 18 we submit them for payment. 12:08PM 19 Q. Okay. All right. Now, do you -- is there 12:08PM 20 anyone else involved in that role other than you and 12:08PM 21 Hiep? 12:08PM 22 A. Accounts payable would make the payment also 12:08PM 23 in my group. 12:08PM 24 Q. Okay. All right. So we will put a plus or 12:08PM	1 Q. Okay. Right. When I say you I mean Kapstone 12:09PM 2 Paper. But as far as whether or not that bill is 12:09PM 3 approved or not approved, who would you have to go to? 12:10PM 4 A. People are responsible for their own invoices 12:10PM 5 approving based on the relationship, the budgets they 12:10PM 6 have, et cetera. 12:10PM 7 Q. And that's what I am not following. When you 12:10PM 8 say people are responsible for approving their own 12:10PM 9 invoices, what does that mean? 12:10PM 10 A. There are vendors that I engage. As part of 12:10PM 11 my responsibility I approve their invoices and request 12:10PM 12 payment. 12:10PM 13 Q. Okay. So whoever engages the vendor says pay 12:10PM 14 or don't pay, fair? 12:10PM 15 A. In our office, yes. 12:10PM 16 Q. Okay. And what if someone secures a vendor 12:10PM 17 outside of your office, how is a determination made on 12:10PM 18 pay or be paid? 12:10PM 19 A. Outside the office in the operations. 12:10PM 20 Q. Yes. 12:10PM 21 A. They are largely PO based, so it's a totally 12:10PM 22 different requisition process. 12:10PM 23 Q. Okay, fair enough. So as I understand it, as 12:10PM 24 far as invoices there would be two various categories. I 12:10PM

Page 85 1 guess, purchase order invoices that are generated and 12:10PM 2 approved in some form or fashion and then vendors who 12:11PM 3 are secured through your department, correct? 12:11PM 4 A. Anybody's department that doesn't go through 12:11PM 5 a PO would be processed the same. 12:11PM 6 Q. Okay. And who is required to go through a 12:11PM 7 PO? 12:11PM 8 A. It's based on that contract signing and the 12:11PM 9 authorization policy. 12:11PM 10 Q. Okay, and what is that? 12:11PM 11 A. It's right there (Indicating). 12:11PM 12 MR. WILLIS: Exhibit 2. 12:11PM 13 BY MR. FINDLEY: 12:11PM 14 Q. Okay, this document that was handed to us 12:11PM 15 this morning dated April 18, 2017 is when that's 12:11PM 16 generated? 12:11PM 17 A. Yes. 12:11PM 18 Q. Okay, what was the policy prior to April 18, 12:11PM 19 2017, do you know? 12:11PM 20 A. I don't. 12:11PM 21 Q. Okay. As far as, okay, and this was going to 12:11PM 22 be my next question to you. As far as amounts would 12:11PM 23 depend on what type of approval is needed, fair? 12:11PM 24 A. Fair. 12:12PM	Page 87 1 is a corporate parent and owner of a hundred percent of 12:13PM 2 the stock of all KapStone entities including KK and 12:13PM 3 KapStone Charleston and it says see defendant's Motion 12:13PM 4 to Dismiss, okay. We talked about it earlier that your 12:13PM 5 knowledge regarding that and what you know would be 12:13PM 6 contained in Exhibit C and Bates labeled number 1 12:14PM 7 regarding ownership, correct? 12:14PM 8 MR. WILLIS: Objection to the form of the 12:14PM 9 question. 12:14PM 10 A. Yes. 12:14PM 11 BY MR. FINDLEY: 12:14PM 12 Q. Okay. So the same would be true for that 12:14PM 13 topic, you could talk to it as far as what's contained 12:14PM 14 in those two documents, right? 12:14PM 15 A. Yes. 12:14PM 16 MR. WILLIS: Objection, form. 12:14PM 17 BY MR. FINDLEY: 12:14PM 18 Q. When I ask you, if I ask you questions about 12:14PM 19 supporting the contention that KapStone Charleston 12:14PM 20 relies on Kapstone Paper and Packaging Corporation for 12:14PM 21 all of its business operations -- 12:14PM 22 MR. WILLIS: KapStone Kraft. 12:14PM 23 MR. FINDLEY: Excuse me, KapStone. 12:14PM 24 MR. WILLIS: KKPC. 12:14PM
Page 86 1 Q. What's a capital expenditure, what's not a 12:12PM 2 capital expenditure, those type of things? 12:12PM 3 A. Correct. 12:12PM 4 Q. Okay. So it look likes to me -- if I have 12:12PM 5 questions related to this document, are you able to 12:12PM 6 answer those or can you only tell me what's written on 12:12PM 7 here? 12:12PM 8 MR. WILLIS: Objection to the form of the 12:12PM 9 question. 12:12PM 10 BY MR. FINDLEY: 12:12PM 11 Q. Let me ask it to you this way. I have got 12:12PM 12 here Exhibit No. 2, a document produced to me this 12:12PM 13 morning. Have you reviewed it before today? 12:12PM 14 A. I have. 12:12PM 15 Q. Okay. Are you able to testify and bind 12:12PM 16 KapStone Paper and Packaging Corporation for questions 12:12PM 17 related to Exhibit No. 2? 12:12PM 18 A. No. I am not. 12:12PM 19 Q. Okay. Do you know who that would be or do 12:13PM 20 you just know that it would be someone else? 12:13PM 21 A. It would be someone else. 12:13PM 22 Q. Okay. All right, number 29, we talked about 12:13PM 23 this earlier and just to make sure we are covering it 12:13PM 24 the same, KPPC, KapStone Paper and Packaging Corporation 12:13PM	Page 88 1 MR. FINDLEY: No, it's KPPC. 12:14PM 2 MR. WILLIS: 30 it says KKPC. 12:14PM 3 MR. FINDLEY: You are not looking at the one I am 12:15PM 4 looking at. 12:15PM 5 Q. Anyway, back to my question, does it say KP 12:15PM 6 -- what does yours say, KPPC? 12:15PM 7 A. KPPC for number 30. 12:15PM 8 MR. WILLIS: My apologies. 12:15PM 9 BY MR. FINDLEY: 12:15PM 10 Q. All right, so it says as far as being able to 12:15PM 11 talk about supporting the contention that KapStone 12:15PM 12 Charleston relies on Kapstone Paper and Packaging 12:15PM 13 Corporation for all of its business operations, can you 12:15PM 14 bind the company regarding that topic? 12:15PM 15 A. Can you say the question in a different way. 12:15PM 16 Q. Sure. I want to ask you some questions 12:15PM 17 related to some statements that were made in filings 12:15PM 18 with the court that KapStone Charleston relies on 12:15PM 19 KapStone Paper and Packaging Corporation for its 12:15PM 20 business operations? 12:15PM 21 A. I can say that KapStone Paper provides 12:15PM 22 oversight and support. 12:15PM 23 Q. Okay. You would agree with me and we talked 12:15PM 24 about it earlier that KapStone Paper and Packaging 12:15PM

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1 Corporation does not manufacture paper products, it does 12:16PM 2 not sell paper products, fair? 12:16PM 3 A. Fair. 12:16PM 4 Q. They are different businesses, true? 12:16PM 5 MR. WILLIS: Objection to the form of the 12:16PM 6 question. 12:16PM 7 BY MR. FINDLEY: 12:16PM 8 Q. Meaning one manufactures and sells paper 12:16PM 9 products, the other doesn't, right? 12:16PM 10 A. But one manages the ones that do. 12:16PM 11 Q. Okay. Objection, nonresponsive. 12:16PM 12 One is in the business of selling and 12:16PM 13 manufacturing paper products and one is not, true? 12:16PM 14 MR. WILLIS: Object to the form of the question. 12:16PM 15 A. True. 12:16PM 16 Q. All right, as far as talking about benefits. 12:16PM 17 what about retirement, health insurance, life insurance. 12:16PM 18 disability insurance and worker's compensation related 12:16PM 19 to KapStone Charleston Kraft or KapStone Paper and 12:16PM 20 Packaging Corporation, can you talk about that stuff? 12:16PM 21 A. I cannot. 12:17PM 22 Q. Okay. Now, 32 talks about communications 12:17PM 23 with Sentry Insurance Company regarding worker's 12:17PM 24 compensation insurance policy benefits, distribution. 12:17PM	1 Q. I assume you could not for the relevant years 12:18PM 2 of 2016 either, fair, back when this incident happened? 12:18PM 3 A. Fair. 12:18PM 4 Q. Okay. Documents that list describe refer or 12:18PM 5 relate to all management, managers, governing bodies, 12:18PM 6 board of directors, can you talk about that? 12:18PM 7 A. Number 53? 12:18PM 8 Q. Yes. And let me see if I can -- 12:19PM 9 A. I cannot. 12:19PM 10 Q. -- rephrase the question for you. We saw 12:19PM 11 that document that listed the Board of directors, the 12:19PM 12 managers attached as Exhibit B, right? 12:19PM 13 A. Right. 12:19PM 14 Q. As far as being able to testify to any other 12:19PM 15 years or anything other than what's written down in that 12:19PM 16 document that we have attached there, you couldn't talk 12:19PM 17 about that? I mean other than reading the same document 12:19PM 18 I have, you don't have any additional information? 12:19PM 19 A. I don't. 12:19PM 20 Q. Okay. All right. Let's talk about bank 12:19PM 21 accounts. Do you know all the different bank accounts? 12:19PM 22 MR. WILLIS: Objection to the form of the 12:19PM 23 question. 12:19PM 24 BY MR. FINDLEY: 12:19PM
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1 Can you talk about that? 12:17PM 2 A. It would depend on the question, but yes. 12:17PM 3 Q. Okay. 12:17PM 4 MR. FINDLEY: All right, so going forward and I am 12:17PM 5 going to skip 39 through 40A, Dick, because you said she 12:17PM 6 can't testify to those to save us some time. 12:17PM 7 MR. WILLIS: Correct. 12:17PM 8 BY MR. FINDLEY: 12:17PM 9 Q. All right, 49, outstanding stock, interest 12:17PM 10 and shares of KapStone Charleston Kraft LLC, can you 12:17PM 11 bind the company regarding that? 12:17PM 12 A. I cannot. 12:17PM 13 Q. Okay. Outstanding stock, interest or shares 12:17PM 14 regarding KapStone Kraft Paper Corporation, can you talk 12:18PM 15 about that? 12:18PM 16 A. I cannot. 12:18PM 17 Q. Copies of documents, the list, describe, 12:18PM 18 refer, related to all management, managers, governing 12:18PM 19 body or board of directors, can you talk about that? 12:18PM 20 A. I cannot. 12:18PM 21 Q. What about location of each manager, member 12:18PM 22 or board of director for KapStone Paper and Packaging 12:18PM 23 Corporation? 12:18PM 24 A. I cannot. 12:18PM	1 Q. Let me rephrase it. Can you bind the company 12:19PM 2 related to the ownership or interest and location of 12:19PM 3 bank accounts related to KapStone Paper and Packaging 12:19PM 4 Corporation? 12:19PM 5 MR. WILLIS: And let me state an objection. I'm 12:19PM 6 not sure she understands what you mean by bind the 12:19PM 7 company. 12:20PM 8 MR. FINDLEY: Okay. 12:20PM 9 MR. WILLIS: I know what you mean by that, but 12:20PM 10 that's not a common term that a witness would know. 12:20PM 11 MR. FINDLEY: All right. 12:20PM 12 BY MR. FINDLEY: 12:20PM 13 Q. And what I have been asking you about, I 12:20PM 14 talked about it at the beginning of this deposition is 12:20PM 15 that what you are here for is to be a corporate 12:20PM 16 representative, okay, you understand that part? 12:20PM 17 A. Yes. Yes. 12:20PM 18 Q. And what I am saying I talked about it 12:20PM 19 earlier, you understand the instruction I said if you 12:20PM 20 don't understand the question, I want you to tell me. 12:20PM 21 If you do tell me the answer, I am going to assume that 12:20PM 22 you understood it for all purposes. You remember that 12:20PM 23 correct? 12:20PM 24 A. I do. 12:20PM

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1 Q. And you remember how I talked about being 12:20PM 2 designated as a corporate representative is if you 12:20PM 3 understand the question and answer it, it would be 12:20PM 4 binding the company because they have selected you as a 12:20PM 5 person to testify on their behalf. You understand that, 12:20PM 6 right? 12:20PM 7 A. Yes. 12:20PM 8 Q. Okay. 12:20PM 9 MR. WILLIS: By binding the company you mean her 12:20PM 10 acknowledging it, right? 12:20PM 11 MR. FINDLEY: Hold on. Dick, leave it. Dick, I 12:20PM 12 am asking the questions. I will get to it, okay. This 12:20PM 13 is the sixth time that you violated Rule 30. Let's 12:20PM 14 leave it. 12:20PM 15 MR. WILLIS: I am not violating Rule 30. I don't 12:20PM 16 understand your question. Bind the question -- bind the 12:21PM 17 company is not a proper question. 12:21PM 18 MR. FINDLEY: I got it. I got it. 12:21PM 19 MR. WILLIS: Ask a proper question. 12:21PM 20 MR. FINDLEY: You are not the judge. Don't tell 12:21PM 21 me what's proper and what's not. 12:21PM 22 MR. WILLIS: I am asking you to ask a proper 12:21PM 23 question and explain to the witness what you mean by 12:21PM 24 bind the company. 12:21PM	1 testimony that the corporation made, isn't that your 12:22PM 2 understanding? 12:22PM 3 A. Yes. 12:22PM 4 Q. Okay. 12:22PM 5 A. I struggle between the bind and the personal 12:22PM 6 knowledge. I don't know that I understand. 12:22PM 7 Q. And that's fair. But what I have asked you 12:22PM 8 so far when you have answered questions, what I appear 12:22PM 9 to be truthful questions about how you would not be the 12:22PM 10 best person, now knowing what I am talking about when I 12:22PM 11 am saying bind the company, right, you don't want to go 12:22PM 12 back and change any of those, you still would not feel 12:22PM 13 comfortable testifying to those topics, correct? 12:22PM 14 A. Correct. 12:22PM 15 Q. Okay. And that's all I am getting at. Is 12:22PM 16 what I don't want to happen, you can understand my 12:22PM 17 position is I am here to ask KapStone Paper and 12:22PM 18 Packaging Corporation questions, you understand that, 12:22PM 19 right? 12:22PM 20 A. Yes. 12:22PM 21 Q. And if you give me an answer and then I later 12:22PM 22 rely on that answer and someone else tells me it's not 12:22PM 23 accurate, you see how the problem that causes? 12:23PM 24 A. Yes. 12:23PM
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1 MR. FINDLEY: Hold on. I heard you the first time 12:21PM 2 is why I went down this line of questioning. What you 12:21PM 3 continue to do is restate the same thing over and over. 12:21PM 4 Let me ask the questions and get there and if you have 12:21PM 5 an objection to make, let's talk about it before the 12:21PM 6 judge, but I don't need to you to make rulings on what 12:21PM 7 she understands and what she doesn't. 12:21PM 8 MR. WILLIS: I am not making rulings. 12:21PM 9 BY MR. FINDLEY: 12:21PM 10 Q. Ma'am, let's go back to my question. When I 12:21PM 11 talked about binding the company, what I am talking 12:21PM 12 about is you are testifying under oath, correct? 12:21PM 13 A. Correct. 12:21PM 14 Q. Okay. And a corporation isn't a person, 12:21PM 15 right? 12:21PM 16 A. Correct. 12:21PM 17 Q. Meaning a corporation can't testify, right? 12:21PM 18 A. Correct. 12:21PM 19 Q. They have to select someone to testify for 12:21PM 20 them, correct? 12:21PM 21 A. Correct. 12:21PM 22 Q. And what I am saying when I am understanding 12:21PM 23 of binding a company, what I am saying is you'd be 12:22PM 24 prepared to testify and that testimony would be sworn 12:22PM	1 Q. And so all I want to know is and if you don't 12:23PM 2 feel comfortable answering questions on behalf of 12:23PM 3 KapStone Paper and Packaging Corporation, all I want you 12:23PM 4 to do is tell me that so I don't ask you the questions, 12:23PM 5 okay? 12:23PM 6 A. Okay. 12:23PM 7 Q. And that's what I am talking about. When I 12:23PM 8 talk about location of each member, board of director. 12:23PM 9 manager related to KapStone Charleston Kraft LLC, would 12:23PM 10 that be something that you could testify to on behalf of 12:23PM 11 the corporation? 12:23PM 12 A. No. 12:23PM 13 Q. Okay. So if we talk about bank accounts, all 12:23PM 14 right, if we talk about the location and existence of 12:23PM 15 all bank accounts related to KapStone Paper and 12:23PM 16 Packaging Corporation, is that something that you would 12:23PM 17 be prepared to testify to here today? 12:23PM 18 A. I cannot speak to all documents, but I have 12:23PM 19 knowledge of how it works. 12:23PM 20 Q. Okay. And let's get to that. You have 12:23PM 21 knowledge of how the banking system works, right? 12:24PM 22 A. For KapStone, yes. 12:24PM 23 Q. KapStone, which one? 12:24PM 24 A. All of them. 12:24PM

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1	Q. Okay. And I assume what you were going to talk about was KapStone Receivable LLC, right?	1	BY MR. FINDLEY: 12:26PM
2		2	Q. On the bank account structure or bank account location, anything regarding bank accounts?
3	A. No. I used to manage the cash for KapStone as the director.	3	12:26PM
4	12:24PM	4	A. No. 12:26PM
5	Q. You used to manage the cash for KapStone Paper and Packaging Corporation?	5	Q. Is the totality of what you reviewed relating to bank accounts contained in Exhibit No. 7?
6	12:24PM	6	12:26PM
7	A. Yes. 12:24PM	7	A. Yes. 12:26PM
8	Q. In what years?	8	Q. Okay. Now, as far as there is a bunch of blacked out deals on here.
9	A. 2008 to 2014. 12:24PM	9	12:26PM
10	Q. And from 2008 to 2014 you managed the cash for KapStone Paper and Packaging Corporation, fair?	10	A. Yes. 12:26PM
11	12:24PM	11	Q. Was your version blacked out?
12	A. Yes. KapStone Paper and Packaging does concentrate and manage the cash for all companies.	12	12:26PM
13	12:24PM	13	A. No. 12:26PM
14	Q. And as far as handling the duties of managing cash from 2014 forward, someone else took that role?	14	Q. Okay. Do you have the actual bank account? You could get that information for me if we requested it through your lawyers, right?
15	12:24PM	15	12:26PM
16	A. Yes. 12:24PM	16	A. Yes, if they say it's okay, yes. 12:26PM
17	Q. Okay. So from 2014 to 2018 you would defer those questions to someone else who is in that role now?	17	MR. WILLIS: We have blacked the -- it's the account numbers that are redacted just like you wouldn't give somebody your checking account number.
18	12:24PM	18	12:26PM
19	A. It would depend on the question. The structure is not much different.	19	12:26PM
20	12:25PM	20	MR. FINDLEY: Okay. 12:26PM
21	Q. Okay, fair enough. And what I want to talk to you about is bank accounts now. As far as bank accounts are you -- well, before you sat here today to give this deposition, did you go back and look for or	21	Q. Well, as far as the accounts, if there are more accounts, okay, that exist other than what's contained in Exhibit No. 7, did you do anything to verify that?
22	12:25PM	22	12:26PM
23	12:25PM	23	12:26PM
24	12:25PM	24	12:27PM

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1	review any documents related to the location of all bank accounts that KapStone Paper and Packaging Corporation has an interest in?	1	MR. WILLIS: Objection to the form of the question. 12:27PM
2	12:25PM	2	
3	A. I did not review the location, but I reviewed the structure.	3	A. There is a second page that I reviewed as well. 12:27PM
4	12:25PM	4	
5	Q. Okay. And when you say the structure are you talking about the chart?	5	Q. Okay. And what's it look like because I don't have a second page? 12:27PM
6	12:25PM	6	
7	A. Yes. 12:25PM	7	A. The accounts on there are non U.S. dollar based. 12:27PM
8	12:25PM	8	
9	Q. Okay. And I assume you are talking about this chart?	9	Q. International accounts? 12:27PM
10	12:25PM	10	A. Correct. 12:27PM
11	A. I am. 12:25PM	11	Q. Okay. And you are saying accounts that exist overseas? 12:27PM
12	Q. Okay. So I am going to mark this chart as Exhibit No. 7.	12	12:27PM
13	12:25PM	13	A. I'm not sure. I can't answer the Victory accounts because that happened after I was relieved of this responsibility. 12:27PM
14	(Plaintiff's Deposition Exhibit No. 7 was marked for identification.) 12:25PM	14	
15	12:25PM	15	12:27PM
16	BY MR. FINDLEY: 12:25PM	16	Q. And let's, putting Victory aside for a second, all I want to ask you about is there are other Kapstone Paper and Packaging Corporation bank accounts that are not listed in the document that I have as Exhibit No. 7, fair?
17	Q. As far as testifying related to bank accounts, what you did review was Exhibit No. 7, fair?	17	12:27PM
18	12:26PM	18	12:27PM
19	A. Fair. 12:26PM	19	12:27PM
20	Q. Anything else than Exhibit No. 7 did you review?	20	12:27PM
21	12:26PM	21	A. Fair. 12:27PM
22	A. No. 12:26PM	22	MR. WILLIS: Objection to the form of the question. 12:27PM
23	Q. Okay. 12:26PM	23	12:27PM
24	MR. WILLIS: On the subject, right? 12:26PM	24	BY MR. FINDLEY: 12:27PM

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1 Q. And you saw those bank accounts prior to you 12:27PM 2 sat here for your deposition, fair? You looked at 12:27PM 3 another document that had international bank accounts, 12:27PM 4 right? 12:28PM 5 A. Fair. 12:28PM 6 Q. Okay. All right, now, putting aside the 12:28PM 7 second page, does the second page look similar to this? 12:28PM 8 A. No. 12:28PM 9 Q. Okay. What does it look like? 12:28PM 10 A. Individual accounts not -- the ones that I am 12:28PM 11 aware of not related to Victory are individual accounts 12:28PM 12 not a CHA structure like this. 12:28PM 13 Q. Okay. And is it, is it like multiple 12:28PM 14 documents or a flow chart document, how does it look? 12:28PM 15 A. Just -- 12:28PM 16 Q. A list? 12:28PM 17 A. Basically like this. 12:28PM 18 Q. Okay. So it would contain a list of 12:28PM 19 additional bank accounts for KapStone Paper and 12:28PM 20 Packaging Corporation, correct, is the list you looked 12:28PM 21 at, right? 12:28PM 22 A. Not all of the names of the accounts are 12:28PM 23 KapStone Paper and packaging because they are related to 12:29PM 24 Victory. 12:29PM	1 talk to her? 12:30PM 2 A. No, she had it. 12:30PM 3 Q. Okay. And she gave it to you? 12:30PM 4 A. No. 12:30PM 5 Q. Okay. Did you ever, you just talked to her 12:30PM 6 about it? 12:30PM 7 A. We discussed it, yes. 12:30PM 8 Q. Okay. Did you go back and give any of that 12:30PM 9 to your lawyers? 12:30PM 10 A. I don't recall who, how it was given. I 12:30PM 11 don't. 12:30PM 12 Q. Let me ask it to you just generally, all 12:30PM 13 right. I have sent out a lot of requests for documents. 12:30PM 14 okay. Did you take any part in looking at those 12:30PM 15 requests and going to retrieve documents? Was that 12:30PM 16 something you did or not? 12:30PM 17 A. Not from your list, no. 12:30PM 18 Q. Okay, whose list did you use? 12:30PM 19 A. Nobody's. 12:30PM 20 Q. Okay. Well, what did you do to go and 12:30PM 21 retrieve documents? 12:30PM 22 A. We met to discuss relevant topics to prepare 12:30PM 23 the affidavit and I provided information around those. 12:30PM 24 Q. Okay, did you provide documents? 12:30PM
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1 Q. All right. So you are saying they are 12:29PM 2 separate than Kapstone Paper and Packaging accounts? 12:29PM 3 A. Yes. 12:29PM 4 MR. FINDLEY: Okay, how come we didn't get these 12:29PM 5 documents, Dick? 12:29PM 6 MR. WILLIS: Because they weren't relevant to your 12:29PM 7 subpoena. 12:29PM 8 MR. FINDLEY: Bank accounts. 12:29PM 9 MR. WILLIS: If they are not KapStone Paper and 12:29PM 10 Packaging bank accounts. 12:29PM 11 MR. FINDLEY: All right. So what is it -- was 12:29PM 12 this document, like where did you see it? You said you 12:29PM 13 reviewed a second page to this document prior to the 12:29PM 14 deposition. 12:29PM 15 A. The treasurer has it. 12:29PM 16 Q. Okay. Did you go to the treasurer and get it 12:29PM 17 or did someone retrieve it for you? 12:29PM 18 A. I went to her to talk about it to make sure 12:29PM 19 that I was still current. 12:29PM 20 Q. Okay. So you went to the treasurer to talk 12:29PM 21 to her about what? 12:29PM 22 A. The structure. 12:29PM 23 Q. Okay. Did you have the document in hand that 12:29PM 24 would be the second page to Exhibit 7 before you went to 12:30PM	1 A. The insurance policy I did. 12:31PM 2 Q. Okay. Are you saying you provided Exhibit A 12:31PM 3 to your affidavit? 12:31PM 4 A. Right. 12:31PM 5 Q. Okay. Other than that document, did you go 12:31PM 6 look for any other documents? 12:31PM 7 A. I don't recall. 12:31PM 8 Q. Okay. Other than that document did you 12:31PM 9 provide any other documents? 12:31PM 10 A. Again, I don't recall how this got to legal. 12:31PM 11 Q. And that's what I am trying to figure out is, 12:31PM 12 is I assume somebody was tasked with going to look for 12:31PM 13 documents. Was that you or not you? 12:31PM 14 A. I don't recall. 12:31PM 15 Q. Okay. So it could have been you, you are 12:31PM 16 just not sure? 12:31PM 17 A. Right. Did I ask someone to give this to 12:31PM 18 legal, I don't recall. 12:31PM 19 Q. Okay. Well, let's see if we can break it 12:31PM 20 down simpler. Have you ever reviewed my request for 12:31PM 21 documents? 12:31PM 22 A. I have not. 12:31PM 23 Q. Okay. Have you ever been provided a list of 12:31PM 24 documents to look for from anybody? 12:31PM

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1	A. I have not. 12:31PM	1	any tax returns related to the entities? 12:34PM
2	Q. Okay. Have you ever delegated to any person 12:31PM	2	A. I did not. 12:34PM
3	in your department to look for documents related to this 12:32PM	3	Q. Okay. As far as being able to testify as to 12:34PM
4	lawsuit? 12:32PM	4	what's on contained in those tax returns, is that 12:34PM
5	A. I likely would have asked Hiep to provide 12:32PM	5	something that you can testify on behalf of the 12:34PM
6	that policy, but I don't recall specifically. 12:32PM	6	corporation for? 12:34PM
7	Q. Okay. Other than, when you say that policy 12:32PM	7	A. I cannot. 12:34PM
8	just so when I read this later I know what you are 12:32PM	8	MR. WILLIS: When do you think you are going to be 12:34PM
9	talking about, you are talking about Exhibit A to the 12:32PM	9	close to a break? 12:34PM
10	affidavit? 12:32PM	10	MR. FINDLEY: In about two minutes. I think he 12:34PM
11	A. Yes. 12:32PM	11	has got to change the tape anyway. 12:34PM
12	Q. Other than Exhibit A to the affidavit, as we 12:32PM	12	MR. WILLIS: Okay. 12:34PM
13	sit here today do you have any memory of going to ask 12:32PM	13	BY MR. FINDLEY: 12:34PM
14	someone to go and retrieve documents related to this 12:32PM	14	Q. Okay, payroll records, all right and books 12:35PM
15	lawsuit? 12:32PM	15	and operating accounts. That's part of your department, 12:35PM
16	A. Last night I asked payroll to or HR to run a 12:32PM	16	correct? 12:35PM
17	similar report that's in there related to reporting, 12:32PM	17	A. I don't know what you mean by books. 12:35PM
18	employee reporting to familiarize myself with the 12:32PM	18	Q. Okay. Well, fair question. When I say 12:35PM
19	document because I had not seen it prior. 12:32PM	19	books, I am talking about, let's just go one by one. 12:35PM
20	Q. Okay. All right, so that's one instance and 12:32PM	20	Operating accounts, is that something you deal with? 12:35PM
21	we are going to talk about that one. Let me just ask 12:33PM	21	A. Bank accounts? 12:35PM
22	you this. Other than that one incidence where you 12:33PM	22	Q. Yeah. 12:35PM
23	talked to payroll at HR, do you ever any memory 12:33PM	23	A. No, not any longer. 12:35PM
24	whatsoever of asking anyone in your department or 12:33PM	24	Q. Okay. What you deal with is accounts 12:35PM

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1	otherwise to look for documents related to this lawsuit 12:33PM	1	payable, accounts receivable, and credit collections. 12:35PM
2	other than Exhibit A and the payroll HR? 12:33PM	2	right? 12:35PM
3	A. I do not recall. 12:33PM	3	A. Yes. 12:35PM
4	Q. And when you say I do not recall, just so I 12:33PM	4	Q. As far as accounts payable, we talked about 12:35PM
5	have an understanding of what that means, that means 12:33PM	5	that earlier. If it goes through a purchase order, 12:35PM
6	that you have no recollection of whether you did or 12:33PM	6	would it not go through you? 12:35PM
7	didn't or you don't remember doing it? 12:33PM	7	A. Through my group to process, but I don't 12:35PM
8	A. Related to this I don't recall if I asked for 12:33PM	8	manage the bank accounts anymore. 12:35PM
9	this or I mentioned it to someone that it was available, 12:33PM	9	Q. Okay. 12:35PM
10	I don't recall. 12:33PM	10	A. Checks are cleared on the bank accounts, but 12:35PM
11	Q. Okay. And I think I might be confused and I 12:33PM	11	I don't manage the bank accounts. 12:35PM
12	apologize. You are talking about you don't recall if 12:33PM	12	Q. All right. So you don't manage the bank 12:35PM
13	you asked for what? 12:33PM	13	accounts at all since 2014? 12:35PM
14	A. This document. 12:33PM	14	A. Correct. 12:36PM
15	Q. Exhibit 7? 12:33PM	15	Q. So someone else would have to talk about that 12:36PM
16	A. Yes. 12:33PM	16	subject? 12:36PM
17	Q. Okay. All right, Exhibit 7, other than that 12:33PM	17	A. Correct. 12:36PM
18	exhibit, let's put it aside for a second, did you ever 12:34PM	18	MR. FINDLEY: All right, let's take a break. 12:36PM
19	at any point in time ask anyone to look for documents or 12:34PM	19	THE VIDEOGRAPHER: I am going off the record, the 12:36PM
20	retrieve documents related to this lawsuit other than 12:34PM	20	end of tape one at 12:35 p.m. 12:36PM
21	what's contained in Exhibit A to your subpoena -- your 12:34PM	21	MR. WILLIS: Back at 1:00. 12:36PM
22	affidavit, Exhibit 7 or the payroll HR? 12:34PM	22	(Lunch break at 12:36 p.m.) 12:36PM
23	A. I don't believe so. 12:34PM	23	THE VIDEOGRAPHER: We are back on record at the 01:24PM
24	Q. Okay. As far as tax returns did you review 12:34PM	24	beginning of tape two at 1:24 p.m. 01:24PM

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1 BY MR. FINDLEY: 01:24PM 2 Q. All right, Ma'am, we took a lunch break. Are 01:24PM 3 you ready to continue? 01:24PM 4 A. I am. 01:24PM 5 Q. Okay. Before we get started I wanted to ask 01:24PM 6 you a few questions about, let's just start here, your 01:24PM 7 employer is KapStone Paper and Packaging Corporation. 01:25PM 8 correct? 01:25PM 9 A. Yes. 01:25PM 10 Q. Okay. KapStone Charleston Kraft LLC has its 01:25PM 11 own employees as well, correct? 01:25PM 12 A. Correct. 01:25PM 13 Q. And KapStone Kraft Paper Corporation has its 01:25PM 14 own employees as well, correct? 01:25PM 15 A. Correct. 01:25PM 16 Q. All are separate employers of individuals, 01:25PM 17 true? 01:25PM 18 A. Yes. 01:25PM 19 Q. Now, your paychecks would, do your paychecks 01:25PM 20 actually say KapStone Paper and Packaging Corporation, 01:25PM 21 right? 01:26PM 22 A. Yes. 01:26PM 23 Q. And if people are employed by KapStone 01:26PM 24 Charleston Kraft LLC, their paychecks would say KapStone 01:26PM	1 Q. Okay. Now, there are other W2s out there 01:27PM 2 that would say if someone is employed by that entity 01:27PM 3 would say KapStone Kraft Paper Corporation, correct? 01:27PM 4 A. Yes. 01:27PM 5 Q. Okay. All three have their own I guess check 01:27PM 6 writing ability for payroll? 01:27PM 7 A. ADP processes our payroll and it's all drawn 01:27PM 8 on a KapStone Paper account. 01:27PM 9 Q. Okay. What account? 01:27PM 10 A. Ending 9916. This one at the top. 01:27PM 11 Q. All right. You are saying the one at the top 01:27PM 12 of Exhibit 7 where it's blacked out, it says the last 01:27PM 13 digits of it are 9916? 01:28PM 14 A. Yes. 01:28PM 15 Q. Okay. Now, as far as the actual -- hold on. 01:28PM 16 The check itself does not say KapStone Paper and 01:28PM 17 Packaging Corporation, right, or do you know? 01:28PM 18 A. That's what I wanted to check. 01:28PM 19 MR. WILLIS: That's not a payroll check. 01:28PM 20 MR. FINDLEY: Oh, that is not, correct. While she 01:29PM 21 is looking for it, let me go on asking you questions. 01:29PM 22 Well, let me just ask you do you know if putting 01:29PM 23 KapStone Charleston Kraft LLC aside, do you know if 01:29PM 24 KapStone Kraft Paper Corporation would have their own 01:29PM
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1 Charleston Kraft LLC, correct? 01:26PM 2 A. I would have to check. The W2s do. I'm just 01:26PM 3 not sure about the stub. 01:26PM 4 Q. Fair enough. What you are saying is that the 01:26PM 5 W2s, if an individual is employed by KapStone Charleston 01:26PM 6 Kraft LLC, his W2 will reflect that entity, correct? 01:26PM 7 A. Yes. Yes. 01:26PM 8 Q. The W2 will not say KapStone Paper and 01:26PM 9 Packaging Corporation, correct? 01:26PM 10 A. Yes. 01:26PM 11 Q. And just to give you an example, I am going 01:26PM 12 to mark I think we are on 8, is that right? 01:26PM 13 THE COURT REPORTER: Yes. 01:26PM 14 MR. FINDLEY: Okay. To make sure we are talking 01:26PM 15 about the same things. 01:26PM 16 (Plaintiff's Deposition Exhibit No. 01:26PM 17 8 was marked for identification.) 01:26PM 18 BY MR. FINDLEY: 01:26PM 19 Q. 2016 W2 for Jacque Lucas as we see indicating 01:26PM 20 KapStone Charleston Kraft LLC, correct? 01:27PM 21 A. Yes. 01:27PM 22 Q. Now, your W2 would say KapStone Paper and 01:27PM 23 Packaging Corporation, fair? 01:27PM 24 A. Yes. 01:27PM	1 checks or do you not know one way or the other? 01:29PM 2 A. Most of the payroll is through direct deposit 01:29PM 3 and the checks are drawn on an ADP account. 01:29PM 4 Q. Okay. When you say most of them, does that 01:29PM 5 include all of them or do you know? 01:29PM 6 A. We have some employees that prefer a check. 01:29PM 7 Q. Okay. For the ones that prefer a check, 01:29PM 8 well, let's just look at it right now. 01:29PM 9 (Plaintiff's Deposition Exhibit No. 01:29PM 10 9 was marked for identification.) 01:29PM 11 BY MR. FINDLEY: 01:29PM 12 Q. Exhibit No. 9 would be a, there is a copy of 01:29PM 13 a check at the bottom, correct? 01:30PM 14 A. Yes. 01:30PM 15 Q. The entity listed on that check being paid to 01:30PM 16 Jacque Lucas is KapStone Charleston Kraft, correct? 01:30PM 17 A. Yes. 01:30PM 18 Q. The same as his W2 KapStone Charleston Kraft. 01:30PM 19 correct? 01:30PM 20 A. Yes. 01:30PM 21 Q. The check does not say KapStone Paper and 01:30PM 22 Packaging Corporation, true? 01:30PM 23 A. True. Both have the headquarter address 01:30PM 24 though. 01:30PM

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1 Q. Object to the nonresponsive portions. What I 01:30PM 2 want to know about is the actual legal entity that is 01:30PM 3 listed on the check. You understand what that means, 01:30PM 4 right? 01:30PM 5 A. I do. 01:30PM 6 Q. The legal entity listed on the check would be 01:30PM 7 KapStone Charleston Kraft LLC, correct? 01:30PM 8 A. Correct. 01:30PM 9 Q. And that would be true for, well, for Jacque 01:30PM 10 Lucas, right? 01:30PM 11 A. Correct. 01:30PM 12 Q. As well as other people who are actually 01:30PM 13 employed by KapStone Charleston Kraft LLC? 01:30PM 14 A. Correct. 01:31PM 15 Q. Now, when someone is -- are there any other 01:31PM 16 employees that work for KapStone Charleston Kraft LLC at 01:31PM 17 any other locations other than the Charleston mill or do 01:31PM 18 you know? 01:31PM 19 A. I don't know. 01:31PM 20 Q. Okay. Have you ever come across a KapStone 01:31PM 21 Charleston Kraft LLC employee at any location other than 01:31PM 22 the Charleston mill? 01:31PM 23 A. We speak of it in terms of location numbers 01:31PM 24 and acronym, so we do have employees. The question is 01:31PM	1 Q. Okay, and that's fair and we will get to that 01:33PM 2 in a second, but what I want to show you is Exhibit No. 01:33PM 3 10. This is a deed that you had looked at, I assume, 01:33PM 4 and I can hand you that copy. 01:33PM 5 (Plaintiff's Deposition Exhibit No. 01:33PM 6 10 was marked for identification.) 01:33PM 7 A. Yes. 01:33PM 8 Q. Okay, and you have seen this before, correct? 01:33PM 9 A. Yes. 01:33PM 10 Q. And what this deed indicates is that KapStone 01:33PM 11 Charleston Kraft LLC is the owner of the plant that we 01:33PM 12 are talking about, the one in Charleston, correct? 01:33PM 13 A. Yes. 01:33PM 14 Q. So Jacque Lucas is employed by KapStone Kraft 01:33PM 15 LLC, we know that, right? 01:33PM 16 A. Yes. 01:33PM 17 Q. And he works at a plant that is at least 01:33PM 18 according to the warranty deed owned by KapStone 01:34PM 19 Charleston Kraft LLC, correct? 01:34PM 20 A. Yes. 01:34PM 21 Q. The same with Jacque Lucas, I mean excuse me, 01:34PM 22 the same with Daniel Simerly, your understanding is he 01:34PM 23 is also an employee of KapStone Charleston Kraft LLC, 01:34PM 24 true? 01:34PM
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1 do we have Charleston employees at a different location? 01:32PM 2 Q. Correct. Is whether you have KapStone 01:32PM 3 Charleston Kraft LLC employees at locations other than 01:32PM 4 the plant in Charleston? 01:32PM 5 A. I don't believe so. 01:32PM 6 Q. Okay. And just to be clear, the owner of the 01:32PM 7 plant when this, well, you know about this plant being 01:32PM 8 purchased from I think it's Meadow Varco? 01:32PM 9 A. Vaco, yes. 01:32PM 10 Q. Okay. Around 2008? 01:32PM 11 A. Yes. 01:32PM 12 Q. And as far as the deed for the plant, that 01:32PM 13 deed was transferred to Kapstone Charleston Kraft LLC, 01:32PM 14 correct? 01:32PM 15 A. Yes. 01:32PM 16 Q. The owner listed with the deeds in South 01:32PM 17 Carolina is not Kapstone Paper and Packaging 01:32PM 18 Corporation, true? 01:32PM 19 A. Yes, based on the documents. 01:32PM 20 Q. And you know that based on your review of the 01:32PM 21 documents, correct? 01:33PM 22 A. Right, but based on your definition of 01:33PM 23 personal knowledge, I, I didn't do anything with that 01:33PM 24 deed. 01:33PM	1 A. Yes. 01:34PM 2 Q. And he also works at the plant owned by 01:34PM 3 KapStone Charleston Kraft LLC as shown in Exhibit 10, 01:34PM 4 correct? 01:34PM 5 A. Correct. 01:34PM 6 Q. Do you know who Ester Wilkins is? 01:34PM 7 A. I know of her, yes. 01:35PM 8 Q. Okay, when you say know of her, who is she? 01:35PM 9 A. An HR manager. 01:35PM 10 Q. Have you talked with her in preparation for 01:35PM 11 your deposition? 01:35PM 12 A. I have not. 01:35PM 13 Q. Have you talked to her at all in relation to 01:35PM 14 this lawsuit? 01:35PM 15 A. I have not. 01:35PM 16 Q. And she is part of human resources? 01:35PM 17 A. It's my understanding, yes. 01:35PM 18 Q. Okay. And where does that understanding come 01:35PM 19 from? 01:35PM 20 A. Outlook. 01:35PM 21 Q. Oh, Outlook? 01:35PM 22 A. Right. 01:35PM 23 Q. Okay. What I am trying to figure out is have 01:35PM 24 you communicated with her, did you look that up on 01:35PM

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1	Outlook in relation to this? 01:35PM	1	Q. Before yesterday had you seen what I am going 01:37PM
2	A. I did not. 01:35PM	2	to hand you as Exhibit 11? 01:37PM
3	Q. And who does she work for or do you know? 01:35PM	3	A. I had not. 01:38PM
4	A. I am not sure, now. 01:35PM	4	Q. Okay. Yesterday when you saw it I assume 01:38PM
5	Q. Okay. 01:35PM	5	that was during a meeting with your attorneys? 01:38PM
6	A. I am not sure if she is at Charleston or 01:35PM	6	A. Yes. 01:38PM
7	Somerville. I don't want to confuse it. 01:35PM	7	Q. Okay, so let's talk about that. Yesterday 01:38PM
8	Q. Okay. And Somerville is where? 01:35PM	8	you met with your attorneys? 01:38PM
9	A. A lumber mill in South Carolina. 01:35PM	9	A. Yes. 01:38PM
10	Q. Okay. And, but your belief based on your 01:36PM	10	Q. How long? 01:38PM
11	recollection and Outlook and your own dealings at your 01:36PM	11	A. I got here at 9:30. I left at 5:00. 01:38PM
12	company is that she works at one of the South Carolina 01:36PM	12	Q. Okay, from 9:30 a.m. to 5:00 o'clock p.m. you 01:38PM
13	entities, correct? 01:36PM	13	met here at Sidley Austin in Chicago? 01:38PM
14	A. Correct. 01:36PM	14	A. Yes. 01:38PM
15	Q. Okay. And when I say entities, is the 01:36PM	15	Q. And the purpose of that meeting was related 01:38PM
16	Somerville location, what is its entity, is it listed on 01:36PM	16	to this deposition? 01:38PM
17	here? Do you know? And that's fine if you don't. I 01:36PM	17	A. Yes. 01:38PM
18	don't want to put words in your mouth. Do you know what 01:36PM	18	Q. During that meeting you reviewed documents? 01:38PM
19	the Somerville entity, the lumber company's LLC is or 01:36PM	19	A. Yes. 01:38PM
20	corporation? 01:36PM	20	Q. One of those documents was Exhibit 11 which 01:38PM
21	A. I believe it's combined with Charleston. 01:36PM	21	you had seen for the first time, correct? 01:38PM
22	Q. Okay, you think it is KapStone Charleston 01:36PM	22	A. That I saw for the first time yesterday. 01:38PM
23	Kraft LLC? 01:36PM	23	Q. Yesterday? 01:38PM
24	A. I believe so. 01:36PM	24	A. Yes. 01:38PM
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1	Q. But you are not certain is what you are 01:36PM	1	Q. So let's back up a second. We talked a 01:38PM
2	saying? 01:36PM	2	little bit about the documents you reviewed -- 01:38PM
3	A. Right. 01:36PM	3	A. Can I, can I back up? 01:38PM
4	Q. Okay. Is she as far as her role, she lives 01:36PM	4	Q. Sure. 01:38PM
5	in or offices out of South Carolina? 01:36PM	5	A. I got a binder last Friday and skimmed 01:38PM
6	A. I don't even know if she is a current 01:37PM	6	through over the weekend. I didn't read, I just wanted 01:38PM
7	employee anymore. I worked with her a while ago. 01:37PM	7	to know what was in there because I had not seen it 01:38PM
8	Q. Okay. At one point in time she was a human 01:37PM	8	before. 01:38PM
9	resources person based on your belief employed by 01:37PM	9	Q. Okay, fair enough. And I had appreciate that 01:38PM
10	KapStone Charleston Kraft LLC, correct? 01:37PM	10	clarification. Friday, which would be, I don't know, is 01:39PM
11	A. Yes. 01:37PM	11	that the second, Friday, March 2nd you received a binder 01:39PM
12	Q. And based on your memory and belief and your 01:37PM	12	with documents in it, correct? 01:39PM
13	recollection at one point in time was employed by 01:37PM	13	A. Yes. Yes. 01:39PM
14	KapStone Charleston Kraft LLC in relation to human 01:37PM	14	Q. Prior to March 2nd you had not seen or 01:39PM
15	resources located in South Carolina? 01:37PM	15	reviewed any of the documents contained in that binder, 01:39PM
16	A. Correct. 01:37PM	16	fair? 01:39PM
17	Q. Okay. And that was my understanding as well. 01:37PM	17	MR. WILLIS: Objection to the form of the 01:39PM
18	Have you reviewed the documents or seen documents before 01:37PM	18	question. 01:39PM
19	related to the offer of employment to my client Jacque 01:37PM	19	BY MR. FINDLEY: 01:39PM
20	Lucas? 01:37PM	20	Q. Go ahead. 01:39PM
21	A. I did yesterday. 01:37PM	21	A. Aside from the ones that we talked about that 01:39PM
22	Q. Okay. Yesterday was the first time you had 01:37PM	22	I, my affidavit, whatever. 01:39PM
23	seen that? 01:37PM	23	Q. Right. That was my next question. Aside 01:39PM
24	A. Yes. 01:37PM	24	from the documents A, B, and C listed to your affidavit 01:39PM

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1	which you had reviewed and signed in September of 2017, 01:39PM	1	information in here. Obviously I wouldn't have seen 01:41PM
2	right? 01:39PM	2	that before just as part of being an employee. 01:41PM
3	A. Okay. 01:39PM	3	Q. Okay. 01:41PM
4	Q. One of those documents contained that you saw 01:39PM	4	A. The 10K I would have seen before. 01:41PM
5	for the first time would be Exhibit 11, correct? 01:39PM	5	Q. All right. So we will go through some of it 01:41PM
6	A. Correct. 01:39PM	6	this in a second? 01:41PM
7	Q. Other documents that you reviewed in relation 01:39PM	7	MR. WILLIS: And she brought you a CV. 01:41PM
8	to this lawsuit for the purposes of your testimony in 01:39PM	8	MR. FINDLEY: All right, I am going to mark this 01:41PM
9	this case would have been the affidavit and the 01:39PM	9	as Exhibit No. 12, okay. 01:41PM
10	attachments from September 2017 all the way up until 01:40PM	10	(Plaintiff's Deposition Exhibit No. 01:41PM
11	March 2nd, right? 01:40PM	11	12 was marked for identification.) 01:41PM
12	A. Correct. 01:40PM	12	BY MR. FINDLEY: 01:41PM
13	Q. Okay. On March 2, 2018 for the first time 01:40PM	13	Q. One of the things, the first thing I see, 01:41PM
14	you received a binder containing additional documents 01:40PM	14	it's got this affidavit that's September 20, 2017 with 01:41PM
15	that you hadn't previously reviewed, fair? 01:40PM	15	Exhibit A, B, and C, correct? 01:41PM
16	A. Fair. 01:40PM	16	A. Yes. 01:42PM
17	Q. Okay. Where did you get that binder from? 01:40PM	17	Q. Okay. Those are were the documents you 01:42PM
18	A. Legal. 01:40PM	18	reviewed related to this litigation up until March 2, 01:42PM
19	Q. Okay. Was it delivered by mail, e-mail, 01:40PM	19	2018, correct? 01:42PM
20	courier? 01:40PM	20	A. Yes. 01:42PM
21	A. My assistant picked it up. We are in 01:40PM	21	MR. WILLIS: There was an index in the notebook as 01:42PM
22	different buildings. 01:40PM	22	well. 01:42PM
23	Q. Okay. Your assistant picked it up from 01:40PM	23	MR. FINDLEY: Okay. 01:42PM
24	legal? 01:40PM	24	Q. On March 2, 2018 you received the rest of 01:42PM
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1	A. Yes. 01:40PM	1	these documents that are contained in this binder. 01:42PM
2	Q. Where at, here? 01:40PM	2	correct? 01:42PM
3	A. No. Our, in Northbrook. 01:40PM	3	A. Correct. 01:42PM
4	Q. Okay. Was it a binder like the one sitting 01:40PM	4	Q. And you skimmed through them over the 01:42PM
5	in front of your lawyer? 01:40PM	5	weekend? 01:42PM
6	A. Yes. 01:40PM	6	A. Correct. 01:42PM
7	MR. WILLIS: Not only like it, it is it. 01:40PM	7	Q. The first time you had skimmed through any 01:42PM
8	BY MR. FINDLEY: 01:40PM	8	documents related to this binder other than maybe seeing 01:42PM
9	Q. Did you bring that binder you received here 01:40PM	9	a 10K form before? 01:42PM
10	today? 01:40PM	10	A. And the benefit presentation. 01:42PM
11	A. Yes. 01:40PM	11	Q. Okay, let's talk about that. Where is the 01:42PM
12	Q. Where is it? 01:41PM	12	benefit presentation? 01:42PM
13	A. (Pointing.) 01:41PM	13	A. That power point. 01:42PM
14	Q. That's it? 01:41PM	14	Q. This one right here, that one? 01:42PM
15	A. Uh-huh. 01:41PM	15	A. Right. It's not the exact one. I have seen 01:42PM
16	Q. Well, I am going to mark that binder as 01:41PM	16	something similar just as part of the normal course of 01:43PM
17	Exhibit No. 12, okay. Exhibit No. 12 would be documents 01:41PM	17	enrollment. 01:43PM
18	you reviewed for the first time on March 2, 2018? 01:41PM	18	Q. Okay. And that's fine. And that's kind of 01:43PM
19	MR. WILLIS: Objection to the form of the 01:41PM	19	what I am trying to get an understanding of. So this 01:43PM
20	question. 01:41PM	20	one is labeled Kapstone 000149 to Kapstone 000192 you 01:43PM
21	BY MR. FINDLEY: 01:41PM	21	might have seen either this before or a version of it 01:43PM
22	Q. Outside of the affidavit that is contained in 01:41PM	22	before? 01:43PM
23	here, correct? 01:41PM	23	A. Correct. 01:43PM
24	A. I would like to qualify. There is benefit 01:41PM	24	Q. Okay. Other than that there was also to be 01:43PM

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1 fair to what you talked about, there is also a 10K in 01:43PM 2 here that I saw flipping through here and it is Bates 01:43PM 3 labeled Kapstone 002 to Kapstone 000134, that's your 01:43PM 4 understanding of the 10K, right? 01:43PM 5 A. Yes. 01:43PM 6 Q. I can hand it to you. Can you see it? 01:43PM 7 A. Yes. 01:44PM 8 Q. Other than those two documents that I just 01:44PM 9 identified, one being the Benefit Package Power Point 01:44PM 10 and one being the 2016, is this the 2016 10K or do you 01:44PM 11 know? 01:44PM 12 A. It should be. It's on the front page. 01:44PM 13 Q. It says for the fiscal year ending in 01:44PM 14 December 31, 2016. So it would be filed in 2017, but 01:44PM 15 relate to 2016? 01:44PM 16 A. Correct. 01:44PM 17 Q. Okay. Other than that document and the 01:44PM 18 benefit document, had you seen any other documents 01:44PM 19 contained in this binder until Friday, March 2nd? 01:44PM 20 A. The worker's comp file notes I would have had 01:44PM 21 access to. 01:44PM 22 Q. That was the one that's Exhibit A? 01:44PM 23 A. No, that's the policy. 01:44PM 24 Q. Okay. 01:44PM	1 find it. Can I do this on a break or do you want me -- 01:46PM 2 I know I saw them. 01:47PM 3 Q. Yeah. I am just trying, what I am trying to 01:47PM 4 figure out is which documents you had seen before and 01:47PM 5 which ones that you hadn't? 01:47PM 6 A. So anything related to the claim that -- 01:47PM 7 MR. FINDLEY: Well, Dick, I don't need you to hand 01:47PM 8 her a document that you have written on to give her an 01:47PM 9 answer. 01:47PM 10 MR. WILLIS: I am just trying to shortcut your 01:47PM 11 time. It's fine with me if she flips through the paper. 01:47PM 12 MR. FINDLEY: I mean I have already told you twice 01:47PM 13 I didn't want you doing that. I mean it's getting out 01:47PM 14 of control. So let's stop coaching the witness. 01:47PM 15 MR. WILLIS: I was just trying to help you out. 01:47PM 16 MR. FINDLEY: I don't think so. 01:47PM 17 A. So may I do this on a break? 01:47PM 18 MR. FINDLEY: Sure. Let's just go off the record 01:48PM 19 right now and you can do it. 01:48PM 20 THE VIDEOGRAPHER: We are going off the record at 01:48PM 21 1:47 p.m. 01:48PM 22 (Off the record.) 01:50PM 23 THE VIDEOGRAPHER: We are back on the record at 01:50PM 24 1:50 p.m. 01:50PM
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1 MR. WILLIS: It's actually the debt page. 01:45PM 2 A. Of the policy. 01:45PM 3 MR. FINDLEY: Here, I will let you find it for me. 01:45PM 4 Do you know where it is in here? 01:45PM 5 A. I will look. 01:45PM 6 MR. WILLIS: Can I help her? 01:45PM 7 MR. FINDLEY: Sure. 01:45PM 8 MR. WILLIS: So what are you looking for 01:45PM 9 specifically? 01:45PM 10 MR. FINDLEY: The comp thing she said she had seen 01:45PM 11 before. 01:45PM 12 MR. WILLIS: All right. 01:45PM 13 A. So it would be notes from Sentry related to 01:45PM 14 the claim. 01:45PM 15 BY MR. FINDLEY: 01:45PM 16 Q. Okay. So if you could read me the Bates 01:45PM 17 label of, I think there is a blue page in between there, 01:45PM 18 keep going. 01:46PM 19 MR. WILLIS: So what I have done, I have checked 01:46PM 20 in blue the documents pertaining to worker's comp in 01:46PM 21 that folder. 01:46PM 22 MR. FINDLEY: I want to know what you reviewed is 01:46PM 23 what I am asking. What you had seen prior to March 2nd. 01:46PM 24 A. I know what it looks like, I just have to 01:46PM	1 BY MR. FINDLEY: 01:50PM 2 Q. During the break you were able to identify 01:50PM 3 some additional documents you reviewed and I want to 01:50PM 4 show them to you to make sure we are clear for the 01:50PM 5 record. Kapstone 000312 to Kapstone 00315 which looks 01:50PM 6 like to be a claim overview for Jacque Lucas. 01:51PM 7 A. Correct. 01:51PM 8 Q. Is that correct? 01:51PM 9 A. Correct. 01:51PM 10 Q. And then the other document you had seen 01:51PM 11 before March 2 was Kapstone 000316 to 000319 which is a 01:51PM 12 claim overview for Daniel Simerly, correct? 01:51PM 13 A. Correct. 01:51PM 14 Q. Okay. The two claim overview documents, the 01:51PM 15 2016 10K, and the power point presentation are the only 01:51PM 16 documents contained in here that you had reviewed or 01:51PM 17 looked at prior to March 2, 2018, fair? 01:51PM 18 A. I believe the handbook is in there too. I 01:51PM 19 would have to go through them all, but the rest would be 01:51PM 20 in the normal course of my employment. 01:51PM 21 Q. Okay. Well let's just talk about the 01:51PM 22 handbook for a second. The handbook is dated January 01:51PM 23 27, 2017, correct? 01:51PM 24 A. Correct. 01:51PM

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1	Q. And you might have seen the handbook before 01:52PM	1	A. Yes. 01:54PM
2	too? 01:52PM	2	Q. As far as who they are and what they do, is 01:54PM
3	A. Right. 01:52PM	3	that something that you went and looked into? 01:54PM
4	Q. Okay. Handbook from January 27, 2017? The 01:52PM	4	A. For the purpose of this, no. 01:54PM
5	-- 01:52PM	5	Q. Okay. Yeah, for the purposes of your 01:54PM
6	A. Code of conduct I would have seen again in 01:52PM	6	testimony in this case? 01:54PM
7	the course of my employment. So I don't want to limit 01:52PM	7	A. I did not. 01:54PM
8	it to this without going through it because I didn't 01:52PM	8	Q. Okay. You never spoke to any of the managers 01:54PM
9	review it in detail. 01:52PM	9	at the mill? 01:54PM
10	Q. And you just flipped through it on March 2nd? 01:52PM	10	A. I did not. 01:54PM
11	A. Well, over the weekend, yes. 01:52PM	11	Q. Okay. Never spoke to any of the managers 01:54PM
12	Q. Okay. Fair enough. Over the weekend you 01:52PM	12	related to or reviewed documents related to the business 01:55PM
13	flipped through some documents -- Let me ask it to you 01:52PM	13	they transact and how they transact their business. is 01:55PM
14	this way. As far as what you saw in here, did you ever 01:52PM	14	that fair? 01:55PM
15	review it specific to your affidavit in 2017? 01:52PM	15	A. Can you repeat the question? 01:55PM
16	A. I did not. 01:52PM	16	Q. Sure. Let me put it this way, I assume there 01:55PM
17	Q. Okay. And that's what I was trying to get 01:52PM	17	is managers over at KapStone Paper and Packaging 01:55PM
18	at. As far as documents for your affidavit in 2017, it 01:52PM	18	Corporation as well? 01:55PM
19	wasn't documents that were contained in this binder, 01:52PM	19	A. Yes. 01:55PM
20	fair? 01:52PM	20	Q. Okay. As far as talking to the KapStone 01:55PM
21	A. Fair. 01:52PM	21	Paper and Packaging Corporation or doing any type of 01:55PM
22	Q. It was documents A, B, and C? 01:52PM	22	review as far as what the managers do there, we already 01:55PM
23	A. Correct. 01:52PM	23	talked about that wasn't something you did prior to your 01:55PM
24	MR. WILLIS: Objection to the form. 01:52PM	24	testimony earlier, remember? 01:55PM
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1	BY MR. FINDLEY: 01:53PM	1	A. Right. 01:55PM
2	Q. All right, so I believe you have your 01:53PM	2	Q. And all I am trying to do is get the flip 01:55PM
3	affidavit in front of you. Well, before we get to that 01:53PM	3	side of that. Did you go to Kapstone Charleston Kraft 01:55PM
4	affidavit, the KapStone Paper and Packaging Corporation, 01:53PM	4	LLC and talk to any of those managers? 01:55PM
5	the handbook that we saw in there was dated January 27, 01:53PM	5	A. I did not. 01:55PM
6	2017, had you ever reviewed one prior to this incident 01:53PM	6	Q. Okay. Did you review any documents related 01:55PM
7	for the purposes of testifying in this lawsuit? 01:53PM	7	to the business they transact or how they do it? 01:55PM
8	A. I did not. 01:53PM	8	A. In preparation for this, no. 01:55PM
9	Q. Okay. Have you ever reviewed whether or not 01:53PM	9	Q. Okay. Or -- okay. You agree with me that 01:55PM
10	Kapstone Charleston Kraft LLC has their own policies and 01:53PM	10	Kapstone Charleston Kraft LLC operates exclusively in 01:56PM
11	procedures? 01:53PM	11	Charleston, correct? 01:56PM
12	A. I have not reviewed their policies and 01:53PM	12	MR. WILLIS: Objection to the form. 01:56PM
13	procedures. 01:54PM	13	A. Can you define operates? 01:56PM
14	Q. Did you look into whether or not they 01:54PM	14	Q. Okay. What I mean is they have one plant in 01:56PM
15	maintain their own policies and procedures that are 01:54PM	15	Charleston, right? 01:56PM
16	different from Kapstone Paper and Packaging Corporation? 01:54PM	16	A. Correct. 01:56PM
17	MR. WILLIS: Objection to the form. 01:54PM	17	Q. Okay. They have all of the employees of 01:56PM
18	A. I have not. 01:54PM	18	Kapstone Charleston Kraft LLC are located in Charleston 01:56PM
19	BY MR. FINDLEY: 01:54PM	19	or surrounding areas, right? 01:56PM
20	Q. Okay. As far as who the managers are at 01:54PM	20	A. Correct. 01:56PM
21	Kapstone Charleston Kraft LLC -- well, let me back up. 01:54PM	21	Q. They work at the plant in Charleston? 01:56PM
22	My understanding is there are managers at Kapstone 01:54PM	22	A. Correct. 01:56PM
23	Charleston Kraft LLC that are employed at the mill that 01:54PM	23	Q. As far as they might supply paper and 01:56PM
24	do help transact business, is that right? 01:54PM	24	packaging to other locations, but as far as where it's 01:56PM

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1 generated, it's generated there? 01:56PM 2 A. Correct. 01:56PM 3 Q. The work product they make related to -- the 01:56PM 4 work product they make related to packaging and paper is 01:56PM 5 there at that location for those employees at KapStone 01:56PM 6 Kraft LLC, fair? 01:56PM 7 A. Fair. 01:57PM 8 Q. As far as any lease, are you familiar with 01:57PM 9 any lease or purchase agreements they have related to 01:57PM 10 equipment? 01:57PM 11 A. I am aware, but I can't speak to the detail. 01:57PM 12 Q. Okay. When you are referring to the people 01:57PM 13 at the Charleston mill, what you would refer to them as 01:57PM 14 is Kapstone Charleston Kraft employees, correct? 01:57PM 15 A. We speak of all as Kapstone. 01:57PM 16 Q. Well, if you wanted to be specific about whom 01:57PM 17 my clients work for, you would refer to them by their 01:57PM 18 employer? 01:57PM 19 A. Charleston. 01:57PM 20 Q. Right. The Charleston for short, correct? 01:57PM 21 A. Correct. 01:57PM 22 Q. And Charleston would mean Kapstone Charleston 01:57PM 23 Kraft LLC, that's how you take Charleston to mean? 01:57PM 24 A. We refer to location, so it holds true in 01:57PM	1 percent of the time it's going to deal with someone in 01:58PM 2 South Carolina for the Charleston area, right? 01:58PM 3 MR. WILLIS: Objection to form. 01:59PM 4 A. I believe so. 01:59PM 5 BY MR. FINDLEY: 01:59PM 6 Q. What I mean by that is you might own 01:59PM 7 companies in Belgium. right. If you say Charleston guy, 01:59PM 8 you know he is not in Belgium, don't you? 01:59PM 9 A. Correct. 01:59PM 10 Q. Okay. Just like you know he is not in 01:59PM 11 Longview, Washington if they refer to him as Charleston 01:59PM 12 Kraft, right? 01:59PM 13 A. Correct. 01:59PM 14 Q. Now, in each one of these locations there are 01:59PM 15 managers that are specific for that mill, fair? 01:59PM 16 A. Yes. 01:59PM 17 Q. Okay, the same with Kapstone Charleston Kraft 01:59PM 18 LLC there are managers specific to the mill there. 01:59PM 19 correct? 01:59PM 20 MR. WILLIS: Objection to the form of the 01:59PM 21 question. 01:59PM 22 MR. FINDLEY: I can re-ask it if you need 01:59PM 23 clarification. Do you? 01:59PM 24 A. I do. It seemed like the same question. 01:59PM
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1 this situation, but not across the company, no. 01:57PM 2 Q. Let me give you an example. If you are 01:58PM 3 working at your company within the payroll department 01:58PM 4 and someone comes to you and says, hey, we have a 01:58PM 5 Charleston employee that has XYZ problem, okay, are you 01:58PM 6 with me so far? 01:58PM 7 A. Yes. 01:58PM 8 Q. That's problem happened before, right? 01:58PM 9 A. Yes. 01:58PM 10 Q. Maybe it happened with this lawsuit. We have 01:58PM 11 some victims who were in Charleston who were burned. Is 01:58PM 12 that how you first found out about it? 01:58PM 13 A. No. I manage insurance, so I saw the claim. 01:58PM 14 Q. Okay, fair enough. In any event there might 01:58PM 15 be from time to time where someone comes to you and 01:58PM 16 talks to you about an employee and refers to you as a 01:58PM 17 Charleston employee, correct? 01:58PM 18 A. Correct. 01:58PM 19 Q. And what you would take that to mean is he is 01:58PM 20 employed by Kapstone Charleston Kraft LLC, right, the 01:58PM 21 same as what we talked about earlier? 01:58PM 22 A. Correct. 01:58PM 23 Q. Okay. And when you say a Charleston employee 01:58PM 24 or a Kapstone Charleston Kraft LLC employee, a hundred 01:58PM	1 Q. Yeah, I think it was. I think I was just 02:00PM 2 making sure we were on the same page. 02:00PM 3 A. Okay. 02:00PM 4 Q. What I am saying is there are managers whose 02:00PM 5 sole purpose and sole function is to manage the 02:00PM 6 Charleston mill, correct? 02:00PM 7 A. I would like to follow-up because we do have 02:00PM 8 employees that are in our mill headquarter group that 02:00PM 9 are employed by KapStone Kraft that may be located 02:00PM 10 there. 02:00PM 11 Q. Okay. And that's fair and we can get to that 02:00PM 12 in a second. My question is a little bit different. Is 02:00PM 13 there are managers at the mill who are just sole 02:00PM 14 Kapstone Charleston Kraft LLC employees, correct? 02:00PM 15 A. Correct. 02:00PM 16 Q. And what you are saying is there might also 02:00PM 17 be some higher level individuals there who work at 02:00PM 18 Kapstone Paper and Packaging? 02:00PM 19 A. Kraft. KapStone Kraft. 02:00PM 20 Q. Okay, might work at KapStone Kraft Paper 02:00PM 21 Corporation? 02:00PM 22 A. Be employed by KapStone Kraft, yes. 02:00PM 23 Q. Okay. And we have got three different 02:00PM 24 entities, so I just want to make sure we are using the 02:00PM

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1 terms right. As far as managers at the mill, we know 02:00PM 2 there are managers who are employed by Kapstone 02:01PM 3 Charleston Kraft LLC, correct? 02:01PM 4 A. Correct. 02:01PM 5 Q. And we also know that at mill location there 02:01PM 6 might also be Kapstone Kraft Paper Corporation? 02:01PM 7 A. Some Kraft, yes. 02:01PM 8 Q. Okay, but there are no managers that are part 02:01PM 9 of Kapstone Paper and Packaging Corporation located at 02:01PM 10 the Charleston mill, true? 02:01PM 11 A. I believe the accounting person reports to 02:01PM 12 Kapstone Paper and Packaging which I would have to 02:01PM 13 check. 02:01PM 14 Q. Okay. And I am not talking about reporting. 02:01PM 15 what I am talking about is employer. You know your 02:01PM 16 employer is -- 02:01PM 17 A. Yes. Yes. 02:01PM 18 Q. -- KapStone Paper and Packaging Corporation? 02:01PM 19 A. Uh-huh. 02:01PM 20 Q. Are you aware of any employees at the 02:01PM 21 Charleston Plant who are employed by Kapstone Paper and 02:01PM 22 Packaging Corporation? Can you name me one? 02:01PM 23 A. I cannot. 02:01PM 24 Q. Now, we have also talked about other 02:02PM	1 A. Potentially IT, and maybe others. I'd have 02:03PM 2 to check. 02:03PM 3 Q. But as far as KapStone Kraft Paper 02:03PM 4 Corporation, as far as that employer entity, that would 02:03PM 5 be, deal with managers or IT individuals, fair? 02:03PM 6 A. One portion of it. 02:03PM 7 Q. Okay. 02:03PM 8 A. KapStone Kraft also employs Roanoke Rapids. 02:03PM 9 Q. Roanoke Rapids? 02:03PM 10 A. The mill there, yes. 02:03PM 11 Q. In Roanoke, Virginia? 02:03PM 12 A. No. North Carolina. 02:03PM 13 Q. North Carolina, okay. All right, now, as far 02:03PM 14 as Kapstone Kraft Paper Corporation, the managers in IT 02:04PM 15 department might either be at the Charleston mill or in 02:04PM 16 the Roanoke facility, correct? 02:04PM 17 A. Correct. And maybe others. I would like to 02:04PM 18 confirm. 02:04PM 19 Q. Okay. Well, how would you confirm that? 02:04PM 20 A. I would run a report on location 850 and see 02:04PM 21 where their physical locations would be. 02:04PM 22 Q. And what is location 850? 02:04PM 23 A. This mill headquarters I was talking about. 02:04PM 24 People who have responsibilities for all mills not 02:04PM
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1 locations in other mills. Longview, Washington is one 02:02PM 2 that comes to mind? 02:02PM 3 A. Yes. 02:02PM 4 Q. I think that y'all might have purchased one 02:02PM 5 in Texas at some point, Mesquite, is that right? 02:02PM 6 A. It's a box plant. 02:02PM 7 Q. Okay. Fair enough. What I am getting to, as 02:02PM 8 far as Kapstone Charleston Kraft LLC employees, we 02:02PM 9 already said there is no location you would find them at 02:02PM 10 other than the Charleston mill for KapStone Kraft. 02:02PM 11 excuse me, Kapstone Charleston Kraft LLC, correct? 02:02PM 12 MR. WILLIS: Objection to form. 02:02PM 13 A. Again maybe Somerville. 02:02PM 14 Q. Okay, but that's what I was going to ask you, 02:02PM 15 as far as KapStone Kraft Paper Corporation? 02:02PM 16 A. Right. 02:02PM 17 Q. Let me make sure I am saying that right. 02:02PM 18 Yes, KapStone Kraft Paper Corporation, okay, we talked 02:02PM 19 about that a second ago. You said they may have mill 02:03PM 20 managers at the Charleston plant, correct? 02:03PM 21 A. Managers. 02:03PM 22 Q. Okay. Would they also have like lower level 02:03PM 23 employees too or would it be strictly limited to 02:03PM 24 managers? 02:03PM	1 unique to a location. 02:04PM 2 Q. Okay. And let me ask you another question 02:04PM 3 since we are talking about reports. You can run several 02:04PM 4 reports with your intra system technology, correct? 02:04PM 5 MR. WILLIS: Objection to the form of the 02:04PM 6 question. 02:04PM 7 MR. FINDLEY: Maybe I asked it wrong. Intranet 02:04PM 8 technology, you can run several reports regarding 02:04PM 9 employers? 02:04PM 10 A. No. Payroll is one of my functions, so it's 02:04PM 11 in the payroll system. 02:05PM 12 Q. Okay. So you would do it through the payroll 02:05PM 13 system? 02:05PM 14 A. Yes. 02:05PM 15 Q. Okay. If I wanted to know every single 02:05PM 16 location that has a Kapstone Charleston Kraft LLC 02:05PM 17 employee, could you run that? 02:05PM 18 A. Yes. 02:05PM 19 Q. Okay. It wouldn't be hard for you to do. 02:05PM 20 right? 02:05PM 21 A. It should not be. 02:05PM 22 Q. Okay. 02:05PM 23 A. Maybe not me myself, but. 02:05PM 24 Q. You might have someone else run it? 02:05PM

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1	A. Yes.	02:05PM	1	you could do it, right?	02:07PM
2	Q. What I am trying to figure out is if you have	02:05PM	2	A. Yes.	02:07PM
3	the capabilities?	02:05PM	3	Q. Okay. And how would you go about doing that	02:07PM
4	A. Yes.	02:05PM	4	search?	02:07PM
5	Q. Okay. It's not something that's over	02:05PM	5	A. I would just, I would check first with legal	02:07PM
6	burdensome where it would take you too long to do,	02:05PM	6	and then the location. We are working toward a	02:07PM
7	right?	02:05PM	7	centralized repository, but we are not there yet.	02:07PM
8	A. Right.	02:05PM	8	Q. Okay. And what I understand is that at some	02:07PM
9	Q. You would understand what I mean when I'd say	02:05PM	9	point in time over the last year the thing started	02:07PM
10	I want the locations of let's just say Kapstone Kraft	02:05PM	10	becoming more centralized, would you agree with that?	02:07PM
11	Paper Corporation, if I wanted the location of every	02:05PM	11	A. By design, yes.	02:08PM
12	employee related to that entity you could also search	02:05PM	12	Q. Right, by design. Kind of like your role of	02:08PM
13	that by payroll, correct?	02:05PM	13	being appointed to a vice president of a shared systems,	02:08PM
14	A. Yes.	02:05PM	14	correct?	02:08PM
15	Q. And the same with your employer, Kapstone	02:05PM	15	A. Correct.	02:08PM
16	Paper and Packaging, you could run a payroll report on	02:05PM	16	Q. That was part of that process of moving to a	02:08PM
17	which people are actually employed by that entity as	02:05PM	17	centralized role, correct?	02:08PM
18	well, correct?	02:05PM	18	A. To be an integrated company, integrated	02:08PM
19	A. Yes.	02:05PM	19	packaging.	02:08PM
20	Q. Okay. Now you could also go back in time.	02:05PM	20	Q. Yes. A perfect example of it would be the	02:08PM
21	For instance, if I wanted to know what entities were	02:06PM	21	creation of your job that you have today, right, VP of	02:08PM
22	paying which individuals as far back as 2015, you have	02:06PM	22	Shared Services, is that right? I think we are saying	02:08PM
23	the ability to search that, correct?	02:06PM	23	the same thing.	02:08PM
24	A. Yes.	02:06PM	24	A. We are, but it was my same position with	02:08PM
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1	Q. Okay. Just some clicks of a button, right?	02:06PM	1	accounts payable added.	02:08PM
2	MR. WILLIS: Objection to the form of the	02:06PM	2	Q. Well, maybe I am saying it wrong. My	02:08PM
3	question.	02:06PM	3	understanding was as far as your title that you have,	02:08PM
4	A. Figuratively speaking.	02:06PM	4	it's VP of Shared Services, correct?	02:08PM
5	BY MR. FINDLEY:	02:06PM	5	A. Correct.	02:08PM
6	Q. Maybe clicks of a button and --	02:06PM	6	Q. And that title did not exist prior to January	02:08PM
7	A. Yes, yes.	02:06PM	7	2017, correct?	02:08PM
8	Q. What I am saying you wouldn't have to go to	02:06PM	8	A. Correct.	02:08PM
9	some off-site location and pour through the information.	02:06PM	9	Q. And it was a title that was created for the	02:08PM
10	I mean it's all automated, right?	02:06PM	10	first time in January 2017, correct?	02:09PM
11	A. Correct.	02:06PM	11	A. Correct.	02:09PM
12	Q. You talked about lease and purchase	02:06PM	12	Q. And you filled that role and the title of	02:09PM
13	agreements when we got sidetracked. As far as lease or	02:06PM	13	January of 2017 for the purposes of moving towards a	02:09PM
14	purchase agreements for equipment related to the	02:07PM	14	more centralized role, correct?	02:09PM
15	Charleston mill, how are those stored or documented or	02:07PM	15	A. No. It was always centralized. It just	02:09PM
16	do you know?	02:07PM	16	changed reporting. So accounts payable, the last piece	02:09PM
17	A. I can't speak to all of them.	02:07PM	17	of the shared service that I assumed had been there.	02:09PM
18	Q. Okay. And, look, I understand you are	02:07PM	18	Q. Okay. Well, you'd agree with me that, well,	02:09PM
19	probably not in a position today to testify to all the	02:07PM	19	we will get to that.	02:09PM
20	lease and purchase agreements related to the Charleston	02:07PM	20	As far as the, well, the Board of	02:09PM
21	mill equipment.	02:07PM	21	Directors' documents that you provided to me as part of	02:09PM
22	A. Correct.	02:07PM	22	your affidavit also has all types of changes and	02:09PM
23	Q. What I am trying to figure out is more along	02:07PM	23	directors and officers for three different entities	02:09PM
24	the lines of if you wanted to find out that information,	02:07PM	24	dated January 1, 2017, correct?	02:09PM

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1	A. Correct. 02:09PM	1	Q. Do you get any type of, your department 02:11PM
2	MR. WILLIS: Objection to the form of the 02:09PM	2	receive any type of, like the old days when faxes would 02:11PM
3	question. 02:09PM	3	come along about, hey, here is a fax memorandum or is it 02:11PM
4	BY MR. FINDLEY: 02:10PM	4	all e-mail? 02:11PM
5	Q. That's the same date of the date that you 02:10PM	5	A. I believe we get some faxes in accounts 02:11PM
6	filled the newly created role of VP of Shared Services, 02:10PM	6	payable and accounts receivable related to credit 02:12PM
7	fair? 02:10PM	7	applications and that type of thing. 02:12PM
8	A. Fair. 02:10PM	8	Q. Okay. And what I am talking about is more 02:12PM
9	Q. So is there some sort of memo or anything 02:10PM	9	internal communications company wide? 02:12PM
10	that went out as to here is what we are doing, here is 02:10PM	10	A. No. 02:12PM
11	how we are changing things to reflect all these changes 02:10PM	11	Q. E-mail blasts? 02:12PM
12	that are going on January 1, 2017? 02:10PM	12	A. Yes. 02:12PM
13	MR. WILLIS: Objection to the form of the 02:10PM	13	MR. WILLIS: What do you mean by e-mail blasts? 02:12PM
14	question. 02:10PM	14	BY MR. FINDLEY: 02:12PM
15	A. Memo, e-mail, there was a big restructure. 02:10PM	15	Q. You know what e-mail blast means? 02:12PM
16	Q. Okay. And that's what I am talking about 02:10PM	16	A. Everybody gets copied. 02:12PM
17	because I have seen some documents on the Internet 02:10PM	17	MR. WILLIS: I did not know that. You learn 02:12PM
18	related to a restructure, okay. 02:10PM	18	something new everyday. 02:12PM
19	A. Right. 02:10PM	19	BY MR. FINDLEY: 02:12PM
20	Q. I assume there were internal e-mails passed 02:10PM	20	Q. But as far as what you understand, you talked 02:12PM
21	around about a restructure, correct? 02:10PM	21	about Outlook, okay, there are e-mail blasts that you 02:12PM
22	A. Correct. 02:10PM	22	can send out to various groups on Outlook. Do you know 02:12PM
23	Q. Probably internal meetings related to that? 02:10PM	23	what I am talking about? 02:12PM
24	I'm sure there were. Maybe you weren't part of all of 02:10PM	24	A. Yes. 02:12PM

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1	them? 02:10PM	1	Q. And what I mean by that is if you wanted to 02:12PM
2	A. Agree. 02:10PM	2	send an e-mail to your department, okay, does it have 02:12PM
3	Q. Okay. Were you part of any of the meetings 02:10PM	3	like an e-mail address that's a group e-mail address? 02:12PM
4	where there was talk about the restructure? 02:10PM	4	A. It could, it doesn't, but it could. 02:12PM
5	A. I was not. 02:10PM	5	Q. Okay. And that's what I wanted to know about 02:12PM
6	Q. Okay. Do you know who was part of say the 02:10PM	6	is if you wanted to e-mail all the Charleston Kraft LLC 02:12PM
7	restructure committee that initiated in January 1st of 02:10PM	7	employees who are paid by them, you have that ability on 02:12PM
8	2017? 02:11PM	8	Outlook to group it by that, correct? 02:13PM
9	MR. WILLIS: Objection to the form. 02:11PM	9	A. I believe there is the ability. I have not 02:13PM
10	A. I don't. 02:11PM	10	done it myself. 02:13PM
11	BY MR. FINDLEY: 02:11PM	11	Q. And I am just talking about ability for now. 02:13PM
12	Q. Okay. As far as when we look through our 02:11PM	12	Whether you have done it, we will get to it in a second. 02:13PM
13	documents and start to see actual evidence in the 02:11PM	13	If I wanted to e-mail all the people at say the Kapstone 02:13PM
14	documentation related to this restructure, you would 02:11PM	14	Belgium, you have the ability to do it through Outlook. 02:13PM
15	agree with me titles and positions started changing on 02:11PM	15	correct? 02:13PM
16	January 1, 2017 along with yours, correct? 02:11PM	16	A. I believe so. 02:13PM
17	A. Correct. 02:11PM	17	Q. The same would be true for Kapstone Kraft 02:13PM
18	Q. Now, most of the updates, and I know 02:11PM	18	Paper Corporation, you have the ability to group those 02:13PM
19	companies work differently, but most of the updates I 02:11PM	19	as well? 02:13PM
20	assume you receive are by way of e-mail blasts? 02:11PM	20	A. I believe so. 02:13PM
21	A. Most, I would agree. 02:11PM	21	Q. And the same with your employer, KapStone 02:13PM
22	MR. WILLIS: Objection to the form of the 02:11PM	22	Paper and Packaging Corporation, correct? 02:13PM
23	question. 02:11PM	23	A. Isn't that the one you just said? 02:13PM
24	BY MR. FINDLEY: 02:11PM	24	Q. I said KapStone Kraft and Paper? 02:13PM

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1 A. Okay. Okay. So for both, yes. 02:13PM 2 Q. Okay. And what I mean by that is, we have 02:13PM 3 got the same thing at my firm. What I am trying to 02:13PM 4 figure out is if I wanted to just e-mail KapStone Paper 02:13PM 5 and Packaging Corporation, you have the ability to group 02:13PM 6 that on Outlook, send it out and that means the other 02:13PM 7 people who are employees of the other entities wouldn't 02:13PM 8 receive it, right? 02:13PM 9 A. Semantics, but I do not. It goes through IT. 02:14PM 10 Nobody is allowed to create big groupings like that. 02:14PM 11 Q. Well, fair enough. 02:14PM 12 A. But it can be done. 02:14PM 13 Q. What I am saying it has the ability to group 02:14PM 14 that, right? 02:14PM 15 A. Yes. 02:14PM 16 Q. And the effect of those groupings would 02:14PM 17 Kapstone Charleston Kraft LLC might not receive the same 02:14PM 18 e-mail blast, fair, if you wanted to group it that way. 02:14PM 19 A. Fair. 02:14PM 20 Q. All right, as far as I saw in the 02:14PM 21 documentation there was a corporate representative who 02:14PM 22 testified in relation to worker's compensation. Was 02:14PM 23 that you? 02:14PM 24 A. I don't believe so. 02:14PM	1 13 was marked for identification.) 02:16PM 2 BY MR. FINDLEY: 02:16PM 3 Q. So Exhibit No. 13 you said you don't know if 02:16PM 4 you have seen that before? 02:16PM 5 A. Well, if it's in the book, I skimmed through 02:16PM 6 it. 02:16PM 7 Q. Fair enough. It's not a memory test. It's 02:16PM 8 just I am asking you if you know who was designated for 02:16PM 9 those purposes? 02:16PM 10 A. I do not. 02:16PM 11 Q. Okay. I assume you had not reviewed her 02:16PM 12 testimony from that deposition? 02:16PM 13 MR. WILLIS: Objection to the form. 02:16PM 14 BY MR. FINDLEY: 02:16PM 15 Q. Or his or her? 02:16PM 16 A. I have not. 02:16PM 17 Q. Have you reviewed any testimony, any other 02:16PM 18 affidavits before you testifying here today? 02:16PM 19 A. I have not. 02:17PM 20 Q. Okay. So you dealt with benefits, correct, 02:17PM 21 or did I misunderstand that earlier? 02:17PM 22 A. Yes. I do not. 02:17PM 23 Q. You do not? 02:17PM 24 A. (Nodded.) 02:17PM
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1 Q. Okay. And I was just curious because it 02:14PM 2 didn't say who it was, but on -- there is a corporation 02:14PM 3 designee of Kapstone Paper and Packaging pursuant to 02:14PM 4 Rule 30(b)6, well, here, I will show it to you. Have 02:15PM 5 you seen this before? I think it's the same thing I 02:15PM 6 just have three copies of it. 02:15PM 7 A. I don't believe so. But it may have been 02:15PM 8 accessible in the Sentry system if their name is on 02:15PM 9 there. 02:15PM 10 MR. WILLIS: And let me say if you have got a 02:15PM 11 document that we haven't provided to you and that you 02:15PM 12 haven't identified as an exhibit to the deposition I am 02:15PM 13 entitled to talk to her about it. 02:15PM 14 MR. FINDLEY: Okay. This is a document that you 02:15PM 15 provided to me. 02:15PM 16 MR. WILLIS: No, it is not. 02:15PM 17 MR. FINDLEY: It says your Bates label Kapstone 02:15PM 18 0002 to Kapstone 0004, it's got your Kapstone 02:15PM 19 proprietary stamp that you put on stuff and we will just 02:16PM 20 go ahead and mark it so we can identify it later. 02:16PM 21 MR. WILLIS: I'm sorry, yeah, we have provided 02:16PM 22 this. This is part of the Daniel Simerly's worker's 02:16PM 23 comp file. 02:16PM 24 (Plaintiff's Deposition Exhibit No. 02:16PM	1 Q. Okay. And the reason I was asking was I 02:17PM 2 understand that some of these individuals who work at 02:17PM 3 Kapstone Charleston Kraft are union, correct? 02:17PM 4 A. Yes. 02:17PM 5 Q. And when they are union that changes the 02:17PM 6 types of benefits they would receive from KapStone Paper 02:17PM 7 and Packaging Corporation, correct? 02:18PM 8 A. I believe so, but I can't speak to the 02:18PM 9 detail. 02:18PM 10 Q. Are you familiar at all with the Collective 02:18PM 11 Bargaining Agreement between the North Charleston mill 02:18PM 12 and the union there? 02:18PM 13 MR. WILLIS: Objection to the form. 02:18PM 14 A. I am aware of it. 02:18PM 15 Q. Okay. So you are aware that Kapstone 02:18PM 16 Charleston Kraft LLC has entered into a Collective 02:18PM 17 Bargaining Agreement with the union? 02:18PM 18 A. Yes. 02:18PM 19 MR. WILLIS: The same objection. 02:18PM 20 Q. As far as the details of what are stated in 02:18PM 21 that Collective Bargaining Agreement, you are not 02:18PM 22 familiar with those? 02:18PM 23 A. I am not. 02:18PM 24 MR. WILLIS: The same objection. My only 02:18PM

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1	objection is there are several. You are asking as if 02:18PM	1	being paid? It could be direct deposited or whatever, 02:20PM
2	it's just one. 02:18PM	2	you are not talking about literally getting a check 02:20PM
3	BY MR. FINDLEY: 02:18PM	3	because she said earlier some people prefer checks. 02:20PM
4	Q. Are you familiar with any of them? 02:18PM	4	MR. FINDLEY: Dick, what are we doing here? 02:20PM
5	A. I am not. 02:18PM	5	MR. WILLIS: I am asking for a clarification of 02:20PM
6	Q. Do you know who enters it on behalf of the 02:18PM	6	your question. 02:20PM
7	KapStone Kraft Paper Corporation? 02:18PM	7	MR. FINDLEY: Did you not understand my question? 02:20PM
8	A. Enters it. 02:18PM	8	I mean I don't know why you keep talking after the 02:21PM
9	Q. Enters into the agreement like an individual 02:18PM	9	question is gone and there is no question pending. 02:21PM
10	who is in charge of it. Let me back up. Kapstone 02:19PM	10	MR. WILLIS: Because I might have an objection to 02:21PM
11	Charleston LLC we are familiar so far, right? 02:19PM	11	it. I might not have understood it. 02:21PM
12	A. Yes. 02:19PM	12	MR. FINDLEY: Then make your objection. 02:21PM
13	Q. It enters into a Collective Bargaining 02:19PM	13	MR. WILLIS: I am trying to and you keep 02:21PM
14	Agreement with a union, correct? 02:19PM	14	interrupting me. By checks do you mean literally get a 02:21PM
15	A. Yes. 02:19PM	15	check or do you mean paid by? Do you see the 02:21PM
16	Q. There should be representatives on both sides 02:19PM	16	distinction? 02:21PM
17	or people involved in that process, fair? 02:19PM	17	MR. FINDLEY: No, I don't. 02:21PM
18	A. Yes. 02:19PM	18	A. I do see a distinction. So a check is you 02:21PM
19	Q. Do you know who that is? 02:19PM	19	have to go to your bank and cash it in my understanding. 02:21PM
20	A. I believe Gary Pairfencik (Phonetically). 02:19PM	20	BY MR. FINDLEY: 02:21PM
21	Q. Pairfencik? 02:19PM	21	Q. And here is what I am talking about, okay. 02:21PM
22	A. Pairfencik, I don't know how to spell it. 02:19PM	22	What I am talking about as far as we know we have seen 02:21PM
23	Q. And that's fine. Gary Pairfencik and he 02:19PM	23	checks that say Kapstone Charleston Kraft LLC, we know 02:21PM
24	would be the person on behalf of Kapstone Charleston 02:19PM	24	they are in Charleston, right? 02:21PM
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1	Kraft LLC? 02:19PM	1	A. Yes. 02:21PM
2	A. He negotiated the agreement. 02:19PM	2	Q. The same thing with KapStone Paper and 02:21PM
3	Q. On behalf of Kapstone Charleston Kraft LLC? 02:19PM	3	Packaging Corporation, we know they would be in Chicago? 02:21PM
4	A. Yes. 02:19PM	4	A. Yes. 02:21PM
5	Q. Okay. And then do you know the name of the 02:19PM	5	Q. Okay. 02:21PM
6	union representative who negotiated on the other side? 02:19PM	6	MR. WILLIS: Object to the form of the question. 02:21PM
7	A. I do not. 02:19PM	7	A. And the direct deposits -- oh, can I add 02:21PM
8	Q. Okay. Since you are in charge of payroll, 02:19PM	8	that? No. Sorry. 02:21PM
9	how many people actually receive checks from KapStone 02:20PM	9	MR. WILLIS: Yes, go ahead, you can finish your 02:21PM
10	Paper and Packaging Corporation? 02:20PM	10	answer. 02:21PM
11	A. I would have to get that information. I 02:20PM	11	A. The direct deposit stubs would be the same. 02:21PM
12	don't have it offhand. 02:20PM	12	BY MR. FINDLEY: 02:21PM
13	Q. You could look it up pretty easily, right? 02:20PM	13	Q. Right. Just like the W2s would be the same? 02:21PM
14	A. I could. 02:20PM	14	A. Yes. 02:21PM
15	Q. Is it fair to say that all of them reside in 02:20PM	15	Q. The actual legal entity that is performing 02:21PM
16	Chicago? 02:20PM	16	the transaction is listed on there like we saw in 02:21PM
17	A. Fair to say that all the people that get 02:20PM	17	Exhibit No. 8, correct? 02:22PM
18	checks reside in Chicago? No. 02:20PM	18	A. Yes. Yes. 02:22PM
19	Q. Checks from KapStone Paper and Packaging 02:20PM	19	Q. Your Exhibit No. 8 would say Kapstone Paper 02:22PM
20	Corporation? 02:20PM	20	and Packaging Corporation? 02:22PM
21	A. Yes. 02:20PM	21	A. Yes. 02:22PM
22	Q. Okay. And the reason for that is because I 02:20PM	22	Q. Okay. So we are on the same page, right? 02:22PM
23	assume this is the -- well, strike that. 02:20PM	23	A. Yes. 02:22PM
24	MR. WILLIS: And by getting checks you just mean 02:20PM	24	Q. Okay. All right, so let's move along to your 02:22PM

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1	affidavit. 02:22PM	1	A. I don't know offhand. 02:30PM
2	MR. WILLIS: Kyle, would this be time for a 02:22PM	2	Q. Okay. Could you ball park it, under a 02:30PM
3	five-minute bathroom break? 02:22PM	3	hundred? 02:30PM
4	MR. FINDLEY: Yeah, we can take a bathroom break. 02:22PM	4	A. I believe so. 02:30PM
5	THE VIDEOGRAPHER: We are going off the record at 02:22PM	5	Q. Do you know how many people are employed by 02:31PM
6	2:22 p.m. 02:22PM	6	Kapstone Charleston Kraft LLC at the North Charleston 02:31PM
7	(Short recess.) 02:28PM	7	mill? 02:31PM
8	THE VIDEOGRAPHER: We are back on record at 2:28 02:28PM	8	A. I don't know the exact number, no. 02:31PM
9	p.m. 02:28PM	9	Q. All right So the -- well, let's just say 02:31PM
10	BY MR. FINDLEY: 02:28PM	10	and I want to be fair to you, you said you ball parked 02:31PM
11	Q. Ma'am, we took a short break. Are you ready 02:28PM	11	it to over a hundred. okay. For KapStone Paper and 02:31PM
12	to continue? 02:28PM	12	Packaging Corporation here in Chicago what I want to 02:31PM
13	A. Yes. 02:28PM	13	know is ask you some questions about that hundred people 02:31PM
14	Q. Okay. Before we left off I just wanted to 02:28PM	14	or so, give or take? 02:31PM
15	touch on something else. We mentioned direct deposit. 02:28PM	15	A. I said under, you said over, but yes. 02:31PM
16	Some people are old fashioned and like to pick up their 02:28PM	16	Q. Okay. Well, is it under 200, under a 02:31PM
17	checks themselves, correct? 02:29PM	17	hundred, what is it, which one? 02:31PM
18	A. Correct. 02:29PM	18	A. Again, we speak of locations, right. So it 02:31PM
19	Q. And let's just take Kapstone Charleston 02:29PM	19	could be IT people that aren't located there and I know 02:31PM
20	Kraft, for instance. Okay, if you are employed by them 02:29PM	20	it, so I can't speak to physical location how many are 02:32PM
21	and you wanted to pick up a Kapstone Charleston Kraft 02:29PM	21	there. 02:32PM
22	LLC check, you would drive to the Charleston location to 02:29PM	22	Q. That's fair. So what you are saying you may 02:32PM
23	get it, correct? 02:29PM	23	have an IT person somewhere else, maybe an IT person is 02:32PM
24	A. I would have to check what we are doing 02:29PM	24	in Belgium or something? 02:32PM
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1	today. 02:29PM	1	A. That is employed by Kapstone Paper, yes. 02:32PM
2	Q. I'm not -- well, today, when you did this job 02:29PM	2	Q. Okay, but what you do know, how many 02:32PM
3	in 2014, surely the people who are employed at Kapstone 02:29PM	3	individuals are actually employed meaning receiving 02:32PM
4	Charleston Kraft LLC in Charleston could pick up their 02:29PM	4	paychecks or have them as their employer. it's KapStone 02:32PM
5	checks at the Charleston mill, correct? 02:29PM	5	Paper and Packaging Corporation, would it be under 200? 02:32PM
6	A. Correct. 02:29PM	6	A. Yes. 02:32PM
7	Q. And you are saying with this restructure in 02:29PM	7	Q. Would it be under a hundred? 02:32PM
8	January 1, 2017, may be a change, but you don't know, is 02:29PM	8	A. I don't know. 02:32PM
9	that what you want to check? 02:29PM	9	Q. Give or take around a hundred, is that fair? 02:32PM
10	MR. WILLIS: Objection to form. 02:29PM	10	A. Again, I don't know the exact number. 02:32PM
11	A. I don't know that it coincided with this 02:29PM	11	Q. Okay. Well, let's just say would you feel 02:32PM
12	change, but we talked about changing the method of 02:29PM	12	comfortable using the term under 200? 02:32PM
13	distribution. 02:30PM	13	A. Sure. 02:32PM
14	Q. Okay. Whether as far as that has been 02:30PM	14	Q. Okay. Of the under 200 people that work at 02:32PM
15	changed or not, you have no idea? 02:30PM	15	actually employed by KapStone Paper and Packaging 02:32PM
16	A. I don't recall. 02:30PM	16	Corporation, we are together so far? 02:32PM
17	Q. Okay. As far as if you wanted to pick up a 02:30PM	17	A. Yes. 02:32PM
18	check for KapStone Paper and Packaging Corporation, your 02:30PM	18	Q. You know what people I am talking about now? 02:32PM
19	employer, right, you would drive to the Chicago location 02:30PM	19	A. Kapstone Paper and Packaging employees. 02:32PM
20	where you are employed, correct? 02:30PM	20	Q. Okay, right. Of those, under those 200 02:32PM
21	A. Correct. 02:30PM	21	people, do any of them do, actually work the job that my 02:33PM
22	Q. Do you know how many people are actually 02:30PM	22	client works meaning a mechanic at a mill for the paper 02:33PM
23	employed like yourself by KapStone Paper and Packaging 02:30PM	23	manufacturing and selling? 02:33PM
24	Corporation in Chicago? 02:30PM	24	A. No. 02:33PM

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1 Q. Okay. None of them do, right? 02:33PM 2 A. Correct. 02:33PM 3 Q. None of the people, the under 200 people that 02:33PM 4 work at KapStone Paper and Packaging Corporation, you 02:33PM 5 would agree with me that they have different job 02:33PM 6 requirements than the people at Kapstone Charleston 02:33PM 7 Kraft LLC? 02:33PM 8 A. I can't speak to all the positions, no. 02:34PM 9 Q. Okay. Can you name me a single person that 02:34PM 10 works at KapStone Paper and Packaging Corporation that 02:34PM 11 would actually be doing the, I guess, manual labor at a 02:34PM 12 mill? 02:34PM 13 A. Not manual labor, no, but there could be an 02:34PM 14 office position that's comparable. 02:34PM 15 Q. There could be an office position related to 02:34PM 16 what we talked about earlier, IT or management, right? 02:34PM 17 A. Right. 02:34PM 18 Q. Nothing beyond that, meaning there is not a 02:34PM 19 mechanic that you are aware of that's out there turning 02:34PM 20 wrenches, right? 02:34PM 21 A. Right. 02:34PM 22 Q. Correct? 02:34PM 23 A. Correct. 02:34PM 24 Q. There is not a person out there who is 02:34PM	1 MR. WILLIS: Objection to the form. 02:36PM 2 A. KapStone Kraft employees, right. 02:36PM 3 Q. Okay. 02:36PM 4 A. But Charleston does have salaried employees 02:36PM 5 that may have similar job responsibilities. 02:36PM 6 Q. But do you know of any? Can you name me one 02:36PM 7 as we sit here? You are saying it might exist, but you 02:36PM 8 don't know. Is that fair? 02:36PM 9 A. There is a finance group in Charleston, 02:36PM 10 right. 02:36PM 11 Q. Okay, finance group. You agree with me 02:36PM 12 finance groups don't turn wrenches, right? 02:36PM 13 A. Right, but you said all positions. I am just 02:36PM 14 qualifying it. 02:36PM 15 Q. Okay, that's fair. There is a finance group 02:36PM 16 in Charleston? 02:36PM 17 A. Right. There are sales people in Charl — 02:36PM 18 you know. 02:36PM 19 Q. As far as who their employees are — excuse 02:36PM 20 me, as far as who their employers are for the finance 02:36PM 21 people and sales people in Charleston at the mill, you 02:36PM 22 don't know as we sit here today, fair? 02:36PM 23 A. Could you say that again, please. 02:36PM 24 Q. Sure. You mentioned two departments, finance 02:36PM
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1 actually pulling out the policies and procedures of how 02:34PM 2 to open up an evaporator and getting out there and 02:34PM 3 actually performing that work themselves, right? 02:34PM 4 MR. WILLIS: Objection to the form. 02:34PM 5 BY MR. FINDLEY: 02:34PM 6 Q. Just for using an example for you, more 02:34PM 7 manual labor, performance of duties in the field, no one 02:35PM 8 at KapStone Paper and Packaging Corporation, the under 02:35PM 9 200 people employees actually perform the work in the 02:35PM 10 field, fair? 02:35PM 11 A. Yes. 02:35PM 12 Q. And because they don't perform the work in 02:35PM 13 the actual field, it's safe to assume that they had 02:35PM 14 different job requirements than people like my client 02:35PM 15 who are employed at Kapstone Charleston Kraft LLC and 02:35PM 16 their job duties are different, what they do day to day? 02:35PM 17 A. Agree, not for all though. There are 02:35PM 18 salaried people at Charleston. 02:35PM 19 Q. Okay. Well, what I am saying is, when you 02:35PM 20 say there are salaried people, we already talked about 02:35PM 21 the earlier, when we say KapStone Paper and Packaging 02:35PM 22 Corporation, we are talking about job requirements that 02:35PM 23 would deal with two scopes of duties, management or IT, 02:35PM 24 is that fair? 02:35PM	1 department and sales department, okay. We are together 02:37PM 2 so far? 02:37PM 3 A. I mentioned two, but there are salaried 02:37PM 4 groups in Charleston. 02:37PM 5 Q. And I hear you. All I am trying to figure 02:37PM 6 out is of the two you mentioned, all I want to know is 02:37PM 7 this. Of the two you mentioned, the finance department 02:37PM 8 or the sales department, as far as who those individuals 02:37PM 9 are, their names is what I mean and the names of their 02:37PM 10 employers at the Charleston mill location, you don't 02:37PM 11 know as we sit here today, fair? 02:37PM 12 MR. WILLIS: Objection to the form. 02:37PM 13 MR. FINDLEY: You either have that information or 02:37PM 14 are you don't. 02:37PM 15 A. Can I name a person in finance, is that the 02:37PM 16 question? 02:37PM 17 Q. Sure. Name it? 02:37PM 18 A. Yes, I can name. 02:37PM 19 Q. Who? 02:37PM 20 A. Cassandra Mallory is the controller. 02:37PM 21 Q. Okay, who does she work for. Who is her 02:37PM 22 employer or do you know? 02:37PM 23 A. I don't know for her. 02:37PM 24 Q. Okay. Of the finance or sales groups that 02:37PM

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1 you mentioned at the North Charleston mill, can you name 02:37PM 2 an individual and state for certain who their employer 02:38PM 3 is as we sit here today? 02:38PM 4 A. I don't understand the question. I'm sorry. 02:38PM 5 Q. Okay. Well, let's do it this way. KapStone 02:38PM 6 Kraft Paper Corporation, you mentioned they might have 02:38PM 7 employees at the Charleston mill or at Roanoke, correct? 02:38PM 8 A. Right. 02:38PM 9 Q. Okay. And those positions would be 02:38PM 10 management or IT, correct? 02:38PM 11 A. Kapstone Kraft at Charleston would be. 02:38PM 12 Q. Okay. 02:38PM 13 A. Kapstone employees at Roanoke could be 02:38PM 14 anybody. 02:38PM 15 Q. Okay. Fair enough. I am just going through 02:38PM 16 to get a recap of what we talked about. Kapstone 02:38PM 17 Charleston Kraft LLC where my employer worked, those 02:38PM 18 individuals with that employer would work at the North 02:38PM 19 Charleston mill, correct? 02:39PM 20 A. Yes. 02:39PM 21 Q. They would have positions other than 02:39PM 22 management and IT. It could be things like mechanic 02:39PM 23 like my client was, right? 02:39PM 24 A. Yes. 02:39PM	1 Q. Okay. Well, I thought they were limited to 02:40PM 2 IT and managers? 02:40PM 3 A. KapStone Kraft employees Roanoke Rapids Mill 02:40PM 4 so I would assume. I believe that there are similar 02:40PM 5 roles in both mills. 02:40PM 6 Q. Okay, but in order to be employed by KapStone 02:40PM 7 Kraft, okay, Paper Corporation -- 02:40PM 8 A. Yes. 02:40PM 9 Q. -- it would be a job description such as 02:40PM 10 management or IT, correct? 02:40PM 11 A. No. 02:40PM 12 Q. It would not? 02:40PM 13 A. No. 02:40PM 14 Q. Okay, it could be anything? 02:40PM 15 A. At Roanoke Rapids, it's a separate mill 02:40PM 16 employed by KapStone Kraft. So they would have very 02:40PM 17 similar, I believe they have potentially very similar 02:41PM 18 roles. 02:41PM 19 Q. Okay. 02:41PM 20 A. The ones we were talking about in Charleston 02:41PM 21 -- 02:41PM 22 MR. WILLIS: Finish your answer. 02:41PM 23 A. Are managers that span the mill as we 02:41PM 24 described them. 02:41PM
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1 Q. The actual boots on the ground, turning the 02:39PM 2 wrenches in the field, correct? 02:39PM 3 A. Correct. 02:39PM 4 Q. KapStone Paper and Packaging Corporation is a 02:39PM 5 different entity, it's your employer, correct? 02:39PM 6 A. Correct. 02:39PM 7 Q. Okay. And your employer would have under 200 02:39PM 8 people that it employs, correct? 02:39PM 9 A. I would like to confirm that, but yes. 02:39PM 10 Q. Give or take a few, right? 02:39PM 11 A. Yes. 02:39PM 12 Q. And of those 200 give or take that your 02:39PM 13 employer employs including yourself, none of those job 02:39PM 14 duties or descriptions would include turning wrenches or 02:39PM 15 doing maintenance inside a plant, fair? 02:39PM 16 A. I believe so, yes. 02:39PM 17 Q. Okay. And that's all I am getting at, as far 02:40PM 18 as my client's employer and his job descriptions they 02:40PM 19 would be different than say your employers which is 02:40PM 20 KapStone Paper and Packaging Corporation, fair? 02:40PM 21 A. Fair. 02:40PM 22 Q. And they would also be different than 02:40PM 23 KapStone Kraft Paper Corporation, correct? 02:40PM 24 A. Not necessarily. 02:40PM	1 BY MR. FINDLEY: 02:41PM 2 Q. Fair enough. The ones who would be at the 02:41PM 3 Charleston mill would have different job requirements. 02:41PM 4 is that what you are saying? 02:41PM 5 A. I believe so, yes. 02:41PM 6 Q. Okay. All right. Now there are various 02:41PM 7 subcontractors that might be employed by other entities 02:41PM 8 that the Charleston mill brings in from time to time to 02:41PM 9 do work. Are you familiar with that at all? 02:41PM 10 A. I am not. 02:41PM 11 Q. Okay. Do you know if that happens? I mean 02:41PM 12 I'm sure you have seen a purchase order before in the 02:42PM 13 past where a purchase order was issued for another 02:42PM 14 company to perform some task at the North Charleston 02:42PM 15 mill? 02:42PM 16 A. I believe so. 02:42PM 17 Q. Okay. Now as far as who actually deals with 02:42PM 18 setting up or entering into a contract with that person 02:42PM 19 or that entity, do you know who that would be at North 02:42PM 20 Charleston? 02:42PM 21 A. I do not. 02:42PM 22 Q. Okay. But it's fair to say it's not 02:42PM 23 something that you have knowledge of that you can 02:42PM 24 testify to hear today, fair? 02:42PM

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1 A. Fair. 02:42PM 2 Q. All right. So let's go -- as far as W2s are 02:43PM 3 concerned, we talked about the different legal entities 02:43PM 4 between Kapstone Kraft Paper Corporation, Kapstone 02:43PM 5 Charleston Kraft LLC, and then your employer. Kapstone 02:43PM 6 Paper and Packaging Corporation. Are we on the same 02:43PM 7 page with those three entities so far? 02:43PM 8 A. Yes. 02:43PM 9 Q. Each one of them has a different federal tax 02:43PM 10 I.D. number, correct? 02:43PM 11 A. Correct. 02:43PM 12 Q. Each one of them issue separate W2s or 02:43PM 13 separate checks with their names on it, correct? 02:43PM 14 A. Correct. 02:43PM 15 Q. As far as we were talking about I don't know 02:44PM 16 what exhibit this is on yours, but let me -- Exhibit 11, 02:44PM 17 okay. If we look at this document, we already talked 02:44PM 18 about Ester Wilkins, the employment coordinator. We see 02:44PM 19 Kapstone Charleston Kraft LLC at the top. Do you see 02:44PM 20 that? 02:44PM 21 A. I do. 02:44PM 22 Q. Okay. And it's got a location in Charleston, 02:44PM 23 South Carolina. What I want to ask you about is 02:44PM 24 employment. When someone is hired such as this, there 02:44PM	1 MR. WILLIS: Objection to form. 02:46PM 2 MR. FINDLEY: Let me ask it a better way. I want 02:46PM 3 to get his employment file. Have you ever seen it? 02:46PM 4 A. I have not. 02:46PM 5 Q. Okay. 02:46PM 6 MR. WILLIS: You have it. 02:46PM 7 MR. FINDLEY: Dick, Dick, please leave your 02:46PM 8 objections to whatever. 02:46PM 9 MR. WILLIS: Well, I object to the question 02:46PM 10 because it's misleading when you know you have got the 02:46PM 11 file sitting right there in that notebook. 02:46PM 12 MR. FINDLEY: I mean do you have to give speaking 02:46PM 13 objections? 02:46PM 14 MR. WILLIS: Yes, because that's a misleading 02:46PM 15 question. You know you have got it. 02:46PM 16 MR. FINDLEY: No, I don't. 02:46PM 17 MR. WILLIS: I will show it to you. 02:46PM 18 MR. FINDLEY: Dick, leave your objection to form. 02:46PM 19 MR. WILLIS: Ask her fair questions. 02:46PM 20 MR. FINDLEY: This is a fair question. 02:46PM 21 MR. WILLIS: No, it's not. 02:46PM 22 BY MR. FINDLEY: 02:46PM 23 Q. Have you seen his employment file? 02:46PM 24 A. Yesterday in the book. 02:46PM
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1 is an employment file I assume? 02:44PM 2 A. I can't speak to HR. 02:44PM 3 Q. Okay. Fair enough. Well, if there was an 02:44PM 4 employment file, okay, that would be something that 02:44PM 5 would be at the Charleston location? Like I will give 02:45PM 6 you an example. Jacque Lucas, he was hired. He is at 02:45PM 7 Kapstone Charleston Kraft LLC. If he had an employment 02:45PM 8 file with, you know, reprimands, recommendations, 02:45PM 9 promotions, things of that sort, it would be a file 02:45PM 10 that's maintained at the mill location, correct? 02:45PM 11 MR. WILLIS: Objection to form. 02:45PM 12 A. I can't speak to what they do locally. I can 02:45PM 13 speak to our interest in automating much of this 02:45PM 14 process. 02:45PM 15 Q. Okay. And I understand y'all have a newer 02:45PM 16 interest in automating the process. Okay. What I want 02:45PM 17 to talk to you about is let's talk about in 2010 when he 02:45PM 18 was hired, you were at KapStone Paper and Packaging 02:45PM 19 Corporation here in Chicago, correct? 02:45PM 20 A. Correct. 02:45PM 21 Q. Okay. In 2010 as far as your understanding 02:45PM 22 if there was employment files, okay, that were 02:45PM 23 maintained, it would be locally at the Charleston mill, 02:46PM 24 not here, correct? 02:46PM	1 Q. Okay, do you know if that contains everything 02:46PM 2 within his employment file? 02:46PM 3 A. I do not. 02:46PM 4 Q. Okay. All you are saying is you saw some 02:46PM 5 documents that your lawyer sitting at this table handed 02:46PM 6 you for the first time March 2, 2018, correct? 02:46PM 7 MR. WILLIS: Objection to form. 02:46PM 8 A. Correct. 02:46PM 9 Q. If I wanted to look to see if I had his 02:46PM 10 entire employment file, that's not something you could 02:47PM 11 tell me the answer to, correct? 02:47PM 12 MR. WILLIS: Objection to form. 02:47PM 13 A. Correct. 02:47PM 14 Q. If I wanted to know where his entire 02:47PM 15 employment file was located based on your experience of 02:47PM 16 working there since 2008, would you say that it would be 02:47PM 17 at the Charleston mill location? 02:47PM 18 A. I believe so, yes. 02:47PM 19 Q. Okay. And based on your experience of 02:47PM 20 working here for Kapstone Paper and Packaging 02:47PM 21 Corporation, employment files for all the various 02:47PM 22 entities over the United States are not located here, 02:47PM 23 correct? 02:47PM 24 MR. WILLIS: Objection to form. 02:47PM

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1 A. I do not believe so. 02:47PM 2 Q. Okay. Just like Belgium wouldn't be located 02:47PM 3 here, it doesn't make any sense, right? 02:47PM 4 MR. WILLIS: Objection to the form of the 02:47PM 5 question. 02:47PM 6 A. I don't know about Belgium. 02:47PM 7 MR. FINDLEY: Okay. Well, you would agree with me 02:47PM 8 it doesn't make any sense to locate them all here, 02:47PM 9 right, based on your understanding? 02:47PM 10 A. I am waiting for my objection. 02:48PM 11 MR. WILLIS: No, I am not going to object to it. 02:48PM 12 Go ahead and answer. 02:48PM 13 A. I am not making light. I don't know where 02:48PM 14 they keep that. 02:48PM 15 Q. Okay. fair enough. You haven't seen it in 02:48PM 16 relation to your role or any of your work located here 02:48PM 17 at KapStone Paper and Packaging Corporation in your work 02:48PM 18 from 2008 to the present, have never seen an employment 02:48PM 19 file storage for Kapstone Charleston Kraft LLC here in 02:48PM 20 Chicago, is that fair? 02:48PM 21 A. Yes. 02:48PM 22 Q. Are you aware of the October 2016 alleged 02:49PM 23 violation from the Department of Health and 02:49PM 24 Environmental Control on Kapstone Charleston Kraft LLC? 02:49PM	1 A. I am. 02:50PM 2 Q. Okay. And I'm sure from being in accounts 02:50PM 3 payable you have paid fines before, correct? 02:50PM 4 A. I believe so. 02:50PM 5 Q. Okay. And when you pay a fine you need to 02:50PM 6 see who the fine was issued to, right? 02:50PM 7 A. Correct. 02:50PM 8 Q. Okay. And you have seen fines that are 02:50PM 9 issued to Kapstone Charleston Kraft LLC, correct? 02:50PM 10 A. I have not seen them myself. 02:50PM 11 Q. Well, you know they exist, right? 02:50PM 12 A. Right. 02:51PM 13 Q. Okay. Have you ever seen a fine from any 02:51PM 14 government industry or government authority issued 02:51PM 15 directly to Kapstone Paper and Packaging Corporation? 02:51PM 16 A. I have not. 02:51PM 17 Q. Have you ever heard of that? 02:51PM 18 A. I have not. 02:51PM 19 Q. Okay. What you have heard of is the separate 02:51PM 20 legal entities receiving violations before, correct? 02:51PM 21 A. Correct. 02:51PM 22 Q. You are familiar with the Department of 02:51PM 23 Labor? 02:51PM 24 A. How do you define familiar? 02:51PM
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1 MR. WILLIS: Objection, beyond the scope of the 02:49PM 2 deposition. Goes to the merits of the case. 02:49PM 3 MR. FINDLEY: No, it doesn't. It has nothing to 02:49PM 4 do with the merits. It's about a department of a health 02:49PM 5 environmental violation that was issued directly to 02:49PM 6 Kapstone Charleston Kraft LLC. 02:49PM 7 Q. Are you familiar with that? 02:49PM 8 A. I am not. 02:49PM 9 Q. Okay. The reason why I ask you that, is when 02:49PM 10 a plant receives a violation from the Department of 02:49PM 11 Health, the person that receives the violation would be 02:49PM 12 the entity where the plant is located, correct? 02:49PM 13 A. I don't know. 02:50PM 14 Q. Okay. Have you ever reviewed a violation 02:50PM 15 made directly to KapStone Paper and Packaging 02:50PM 16 Corporation? 02:50PM 17 A. What type of violation? 02:50PM 18 Q. Well, let's just go with this one. 02:50PM 19 Department of Health and Environmental Control for 02:50PM 20 emissions? 02:50PM 21 A. Could you please repeat? 02:50PM 22 Q. Sure. Are you familiar with their being 02:50PM 23 environmental emissions that can violate industry 02:50PM 24 standards? 02:50PM	1 Q. Do you know who they are? 02:52PM 2 A. I do. 02:52PM 3 Q. Okay. I assume have you in your role have 02:52PM 4 you had any communications with the Department of Labor? 02:52PM 5 A. I have not. 02:52PM 6 Q. Okay. Not everybody receives the benefit 02:52PM 7 pension plan, correct? 02:52PM 8 A. Define benefit. No. 02:52PM 9 Q. Okay. 02:52PM 10 A. Define benefit. No, not everybody. 02:52PM 11 Q. Not everybody receives it and what I mean by 02:52PM 12 that is there are employees of Kapstone Charleston Kraft 02:52PM 13 LLC that do not receive the defined benefit plan, 02:52PM 14 correct? 02:52PM 15 A. I can't speak to the detail. 02:52PM 16 Q. Less than 40 percent of what has been 02:52PM 17 classified in your mind as Kapstone when we talk about 02:52PM 18 all Kapstone entities, less than 40 percent of them 02:52PM 19 receive defined benefit plans, isn't that right? 02:52PM 20 A. I don't know the percentage. 02:52PM 21 Q. Okay. You know it's not a hundred, right? 02:52PM 22 A. Correct. 02:52PM 23 Q. You know it's less than half, don't you? 02:52PM 24 A. I don't know. 02:53PM

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1	Q. As far as who enters into the receivable 02:53PM	1	Q. Okay, you are not current. 02:55PM
2	purchase agreements, do you have any knowledge regarding 02:53PM	2	Are you familiar with the filings in the 02:55PM
3	that? 02:53PM	3	South Carolina Secretary of State? 02:55PM
4	A. I do. 02:53PM	4	A. I am not. 02:55PM
5	Q. Okay. So you are also familiar with lines of 02:53PM	5	Q. Do you have any idea why your employer, 02:55PM
6	credit, correct? 02:53PM	6	KapStone Paper and Packaging Corporation, forfeited its 02:55PM
7	A. Yes. 02:53PM	7	existence in 2015 with the Secretary of State in South 02:55PM
8	Q. Well, let me back up for a second. There was 02:53PM	8	Carolina? 02:55PM
9	also a defined 401K contribution plan, correct? 02:53PM	9	MR. WILLIS: Objection to form. 02:55PM
10	A. There is, yes. 02:53PM	10	A. I don't. 02:55PM
11	MR. WILLIS: Objection to the form. 02:53PM	11	MR. FINDLEY: All right. Now I am going to mark 02:55PM
12	MR. FINDLEY: And that was suspended in 2016, 02:53PM	12	as Exhibit No. 14. 02:55PM
13	wasn't it? 02:53PM	13	(Plaintiff's Exhibit No. 14 was 02:55PM
14	A. I would have to confirm the date. 02:53PM	14	marked for identification.) 02:55PM
15	Q. You know it was suspended at one point, 02:53PM	15	BY MR. FINDLEY: 02:55PM
16	right? 02:53PM	16	Q. This is your employer, correct, KapStone 02:55PM
17	A. Yes. 02:53PM	17	Paper and Packaging Corporation? 02:56PM
18	Q. Okay. If the documents reflect it was not in 02:53PM	18	A. Yes. 02:56PM
19	existence at the time of this incident, do you have any 02:53PM	19	Q. Okay. And it says dissolved date June 16, 02:56PM
20	information to dispute that? 02:53PM	20	2015, do you see that on the right side? 02:56PM
21	A. I don't. 02:53PM	21	A. Yes. 02:56PM
22	Q. Let's talk about credit, lines of credit. 02:54PM	22	Q. At least according to the Secretary of State 02:56PM
23	Does Kapstone Charleston Kraft, LLC, are you familiar 02:54PM	23	based on this document your employer is not registered 02:56PM
24	with their lines of credit? 02:54PM	24	to do business in the State of South Carolina, fair? 02:56PM
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1	MR. WILLIS: Objection to the form. 02:54PM	1	MR. WILLIS: Objection to form. 02:56PM
2	A. I do not believe they have one. 02:54PM	2	A. I am not familiar with the form, but I 02:56PM
3	Q. What did you do to find that out? 02:54PM	3	believe so. 02:56PM
4	A. I worked in that area before. 02:54PM	4	MR. FINDLEY: It says what it says, right? 02:56PM
5	Q. What area? 02:54PM	5	A. Yes. Yes. 02:56PM
6	A. Treasury. 02:54PM	6	Q. And based on your knowledge of what this 02:56PM
7	Q. Okay. You worked in the treasury when, 2008? 02:54PM	7	document says, is they are not registered to do business 02:56PM
8	A. To 2014. 02:54PM	8	there, correct? 02:56PM
9	Q. Okay. In 2008 to 2014 you are saying 02:54PM	9	MR. WILLIS: Objection to the form of the 02:56PM
10	Kapstone Charleston Kraft LLC did not have its own line 02:54PM	10	question. Yeah, let me take a break and talk to her 02:56PM
11	of credit? 02:54PM	11	about this. 02:56PM
12	A. It had letters of credit potentially which is 02:54PM	12	MR. FINDLEY: No. You can answer the question. 02:56PM
13	different for me. 02:54PM	13	MR. WILLIS: No. This is a new document. You 02:56PM
14	Q. Okay. Had letters of credit issued in its 02:54PM	14	didn't identify it. 02:56PM
15	name, correct? Yes? 02:54PM	15	MR. FINDLEY: It's a public record. 02:56PM
16	A. At the time of acquisition, yes. 02:54PM	16	MR. WILLIS: It doesn't matter. 02:56PM
17	Q. Okay. And as far as what transpired from 02:54PM	17	BY MR. FINDLEY: 02:56PM
18	2014 to 2018 as far as we sit here today, you do not 02:54PM	18	Q. I mean, can you answer the question, please, 02:56PM
19	know what lines of credit or letters of credit? 02:55PM	19	Ma'am? 02:56PM
20	A. Letters of credit. 02:55PM	20	MR. WILLIS: No. We are going to take a break and 02:56PM
21	Q. Issue there is for Kapstone Charleston Kraft 02:55PM	21	have a talk about it. 02:57PM
22	LLC, correct? 02:55PM	22	MR. FINDLEY: Are you instructing her not to
23	MR. WILLIS: Objection to form. 02:55PM	23	answer, Dick? Really.
24	A. I do not. 02:55PM	24	MR. WILLIS: Yes.

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1 MR. FINDLEY: You are going to do your eighth 2 violation of Rule 30? 02:57PM 3 MR. WILLIS: No, I am not violating anything. You 02:57PM 4 have showed up with a new document that you didn't 02:57PM 5 identify. 02:57PM 6 MR. FINDLEY: This isn't a new document. 02:57PM 7 MR. WILLIS: Listen -- 02:57PM 8 MR. FINDLEY: Hold on. 02:57PM 9 MR. WILLIS: I will let you finish what you are 02:57PM 10 saying and then you let me finish what I am saying. 02:57PM 11 MR. FINDLEY: Dick, I have given you enough leeway 02:57PM 12 on your speaking objections. This document I am not 02:57PM 13 required to identify. 02:57PM 14 MR. WILLIS: Yes, you are. 02:57PM 15 MR. FINDLEY: It's a public record that I pulled 02:57PM 16 this morning. When. Why am I required to identify it? 02:57PM 17 MR. WILLIS: Let's send the witness out of the 02:57PM 18 room. 02:57PM 19 BY MR. FINDLEY: 02:57PM 20 Q. No. No. I want an answer to my question. 02:57PM 21 My question is based on the document you have before 02:57PM 22 you, okay, and I know you said you need additional 02:57PM 23 knowledge, but based on what you have before you, the 02:57PM 24 Secretary of State records, it doesn't appear your 02:57PM	1 MR. WILLIS: All right. Well, we are going to 02:58PM 2 take a break and talk about it. 02:58PM 3 MR. FINDLEY: No. Hold on. 02:58PM 4 MR. WILLIS: Ms. Hulseman, come with me, please. 02:58PM 5 MR. FINDLEY: Leave the record running. Leave the 02:58PM 6 deposition video running. This is obstruction of all 02:58PM 7 testimony. 02:58PM 8 MR. WILLIS: No, it's not. 02:58PM 9 MR. FINDLEY: Yes, it is. I have a different 02:58PM 10 question for her. You are interrupting my deposition. 02:58PM 11 You have done it several times. So let me read 02:58PM 12 something for the witness. 02:58PM 13 MR. WILLIS: No. I am entitled -- 02:58PM 14 MR. FINDLEY: Dick, be quiet. 02:58PM 15 MR. WILLIS: No. 02:58PM 16 MR. FINDLEY: I have had it, Man. 02:58PM 17 MR. WILLIS: Alright, then stop the deposition. 02:58PM 18 MR. FINDLEY: Shut the deposition down. This is 02:58PM 19 obnoxious. Leave the video running. Go talk to your 02:58PM 20 lawyer and when you come back we are going to ask you 02:58PM 21 everything he told you. So go ahead, Dick. Leave the 02:59PM 22 video rolling. You have obstructed this deposition no 02:59PM 23 less than 15 times. It has gotten obnoxious, Dick. 02:59PM 24 MR. WILLIS: I am not going to stand here and get 02:59PM
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1 employer is authorized to do business in South Carolina. 02:57PM 2 right? 02:57PM 3 MR. WILLIS: Objection. Beyond the scope of the 02:57PM 4 30(b)6 designation. I am entitled to talk to her about 02:57PM 5 this document. 02:58PM 6 If you can answer the question, go ahead. 02:58PM 7 But I am entitled to talk to her about it, before you 02:58PM 8 question her. 02:58PM 9 BY MR. FINDLEY: 02:58PM 10 Q. Okay. Can you answer the question, Ma'am? 02:58PM 11 A. I think I should wait. 02:58PM 12 Q. Well, I don't think you should wait 02:58PM 13 because -- let me do something better for you, okay? 02:58PM 14 MR. WILLIS: All right, she has answered your 02:58PM 15 question. 02:58PM 16 MR. FINDLEY: No. No. 02:58PM 17 MR. WILLIS: She said she can't answer it. Now, 02:58PM 18 we can take a break and we can talk about it. 02:58PM 19 MR. FINDLEY: I have got a different question 02:58PM 20 then. 02:58PM 21 MR. WILLIS: You will withdraw the question. 02:58PM 22 right? 02:58PM 23 MR. FINDLEY: No, I am not withdrawing anything. 02:58PM 24 Dick. 02:58PM	1 yelled at by you, Kyle. And I am entitled to talk to 02:59PM 2 her -- 02:59PM 3 MR. FINDLEY: Well, go talk to her. 02:59PM 4 MR. WILLIS: -- about a document that you haven't 02:59PM 5 identified prior to the deposition, sir. 02:59PM 6 MR. FINDLEY: Identified in relation to what? Did 02:59PM 7 you make a request to me? 02:59PM 8 MR. WILLIS: Rule 30. That is what is required. 02:59PM 9 MR. FINDLEY: Okay, let's read. Go ahead. 02:59PM 10 MR. WILLIS: There it is. I have got a copy of 02:59PM 11 it. 02:59PM 12 MR. FINDLEY: I have got Rule 30, that's what I 02:59PM 13 want to read to your witness. 02:59PM 14 MR. WILLIS: Come with me. 02:59PM 15 (Mr. Willis, Ms. Seltzer and the 02:59PM 16 deponent exited the room.) 02:59PM 17 (Mr. Willis re-entered the room.) 02:59PM 18 MR. FINDLEY: Well, let the record reflect this is 02:59PM 19 the eighth violation of Rule 30 which we will read for 02:59PM 20 her. 02:59PM 21 MR. WILLIS: You are the one violating Rule 30. 02:59PM 22 MR. FINDLEY: How is that? Why don't you read it. 02:59PM 23 Dick. 02:59PM 24 MR. WILLIS: "Counsel shall not make objections or 02:59PM

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1 statements which suggests an answer. Counsel's 02:59PM 2 objection shall be stated concisely in nonargumentative 02:59PM 3 nonsuggestive manner stating the basis. Counsel and 03:00PM 4 witness shall not engage in private off-the-record 03:00PM 5 conferences during depositions or during breaks or 03:00PM 6 recesses regarding substance of the testimony except for 03:00PM 7 the purpose of deciding whether to assert a privilege." 03:00PM 8 I mean you can read it out loud. Go down 03:00PM 9 to eight. "Deposing counsel." that's you, "shall 03:00PM 10 provide to opposing counsel." that's me, "a copy of all 03:00PM 11 documents shown to the witness during the deposition." 03:00PM 12 MR. FINDLEY: I did provide you a copy. 03:00PM 13 MR. WILLIS: Keep reading, sir. "Either before 03:00PM 14 the deposition begins or contemporaneously with the 03:00PM 15 showing of each document to the witness." Keep reading, 03:00PM 16 Kyle. "If the documents are provided or otherwise 03:00PM 17 identified at least two business days before the 03:00PM 18 deposition, then the witness and the witness' counsel do 03:00PM 19 not have the right to discuss the documents privately 03:00PM 20 before the witness answers questions about them. If the 03:00PM 21 documents have not been so provided or identified, then 03:00PM 22 counsel and the witness may have a reasonable amount of 03:00PM 23 time to privately discuss the documents before the 03:00PM 24 witness answers questions concerning the documents." 03:01PM	1 me, okay. So, for the record, let's reflect. I have 03:01PM 2 asked you for all SEC filings. You have not produced 03:01PM 3 them. I have asked you for filings with the Secretary 03:01PM 4 of State. You have not produced them. In fact, you 03:01PM 5 have not produced a single document that covers 2016. 03:01PM 6 The discovery games have gotten obnoxious while one 03:02PM 7 lawyer is outside coaching the witness, the other one is 03:02PM 8 in here making baseless speaking objections. You have 03:02PM 9 done it 17 times during this deposition. I will count 03:02PM 10 them up. The record will speak what the record speaks. 03:02PM 11 You have played nothing but discovery games since this 03:02PM 12 started this time last year, 12 months ago. It's 03:02PM 13 obnoxious. To say that you are playing above board is a 03:02PM 14 shock. You can go talk to your witness now. 03:02PM 15 Leave the record running, please. 03:02PM 16 MR. DUCAVET: All right, I am going to stay in 03:02PM 17 here just to make sure nothing gets put on. 03:02PM 18 (Mr. Willis exited the room.) 03:02PM 19 (Mr. Willis, Ms. Seltzer, and the 03:02PM 20 deponent re-entered the room.) 03:04PM 21 MR. WILLIS: All right, back on the record. 03:04PM 22 MR. FINDLEY: We have been on the record. 03:04PM 23 MR. WILLIS: Back in the room. 03:04PM 24 MR. FINDLEY: Back in the room. Got it. 03:04PM
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1 MR. FINDLEY: Okay. 03:01PM 2 MR. WILLIS: You have shown her a document which 03:01PM 3 she hadn't seen before that we didn't produce and you 03:01PM 4 didn't identify, I am entitled to talk to her about it. 03:01PM 5 MR. FINDLEY: Dick, I have asked you for these 03:01PM 6 documents. I have asked you for every single -- 03:01PM 7 MR. WILLIS: You did ask me for that document? 03:01PM 8 MR. FINDLEY: Hold on, let me finish. You have 03:01PM 9 just gave your long nonwinded nonsense. 03:01PM 10 MR. WILLIS: Go ahead. It's not nonsense. 03:01PM 11 MR. FINDLEY: Listen, hold on. God, Lord. You 03:01PM 12 can't help yourself. 03:01PM 13 MR. WILLIS: You don't quit. 03:01PM 14 MR. FINDLEY: You can't help yourself, can you. 03:01PM 15 MR. WILLIS: I have not insulted you a single 03:01PM 16 time. I haven't said nonsense. I haven't insulted you 03:01PM 17 in any way. I have been completely professional and you 03:01PM 18 haven't been, Kyle. 03:01PM 19 MR. FINDLEY: Dick, this is insanity. The 03:01PM 20 discovery games that you have played since this case has 03:01PM 21 started is obnoxious. 03:01PM 22 MR. WILLIS: Your story is overbroad. 03:01PM 23 MR. FINDLEY: Hold on. Good Lord. I let you 03:01PM 24 speak for know less than ten minutes. Stop interrupting 03:01PM	1 Q. Ma'am, while you were out in the hallway we 03:04PM 2 kept the video rolling, so please look into the camera 03:04PM 3 and tell the ladies and the gentlemen of the jury or the 03:04PM 4 judge what it is you were out there talking about? 03:04PM 5 A. Initially I asked Wendy if this is how all 03:04PM 6 depositions go and she said no. And I sat down until 03:04PM 7 Dick came out and asked if I knew anything about this 03:04PM 8 form or could speak to it. 03:04PM 9 BY MR. FINDLEY: 03:04PM 10 Q. Okay, and what was your answer? 03:04PM 11 A. I have not seen it before and it's outside of 03:05PM 12 my scope. 03:05PM 13 Q. Okay, outside of what scope? 03:05PM 14 A. I don't do filings. 03:05PM 15 Q. Okay. And you know that you were designated 03:05PM 16 and right before this deposition started your counsel 03:05PM 17 told us and made representations that you were allowed 03:05PM 18 to speak to business organization related to Kapstone 03:05PM 19 Paper and Packaging, that it was part of your scope. 03:05PM 20 Are you saying different? 03:05PM 21 A. I have never seen this form before or filed 03:05PM 22 it. 03:05PM 23 Q. Okay. All I am asking you is very simple. 03:05PM 24 Are you saying your scope is different than what I just 03:05PM

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1	told you your lawyer represented?	03:05PM	1	Q. March 2, 2018?	03:07PM
2	MR. WILLIS: Objection, form.	03:05PM	2	A. Yes.	03:07PM
3	A. I don't know how to answer that.	03:05PM	3	Q. Okay. Before March 2, 2018 had anyone shown	03:07PM
4	Q. Okay. Ma'am, I am using your words. You	03:05PM	4	you these topics that you were designated to testify on?	03:07PM
5	said it was outside of your scope, okay. I don't know	03:05PM	5	A. The list, no.	03:08PM
6	what that means. Explain it to me?	03:05PM	6	Q. Okay. So what I am going to hand you is	03:08PM
7	A. I haven't filed something like this. I am	03:06PM	7	what's been marked as Exhibit No. 1. And there are	03:08PM
8	not familiar with the form.	03:06PM	8	various objections --	03:08PM
9	Q. Okay. And when you were designated to	03:06PM	9	A. Oh, wait, I did see the objections.	03:08PM
10	testify, okay, there was some talk about what your scope	03:06PM	10	Q. Okay. You saw that on March 2nd, right?	03:08PM
11	of testimony is. Your lawyer sat in here today right	03:06PM	11	A. No.	03:08PM
12	before this deposition started on the record and went	03:06PM	12	Q. Okay, you saw them prior to that?	03:08PM
13	through topics with me of what you would testify to. Do	03:06PM	13	A. Right. Well, no, no, no, no, no, I am	03:08PM
14	you understand that?	03:06PM	14	confused. I am confused. It's the other thing.	03:08PM
15	A. Yes.	03:06PM	15	Q. Okay.	03:08PM
16	Q. Okay. And I understand you met with Dick	03:06PM	16	A. What is that other thing called?	03:08PM
17	Willis yesterday, correct?	03:06PM	17	Q. Deposition notice?	03:08PM
18	A. Yes.	03:06PM	18	A. No, no, the one with Poch or whatever.	03:08PM
19	Q. And you discussed the testimony you would be	03:06PM	19	Q. Oh, the Poch factors?	03:08PM
20	giving today, correct?	03:06PM	20	A. Yes.	03:08PM
21	MR. WILLIS: Object to the form of the question.	03:06PM	21	Q. Okay.	03:08PM
22	A. It changed from the full scope to, well, the	03:06PM	22	A. I saw that and my affidavit were together	03:08PM
23	full list of questions to what I was comfortable with.	03:06PM	23	recently.	03:08PM
24	Q. Okay. So the attorneys tried to have you	03:06PM	24	Q. Okay, the Poch factors and your affidavit	03:08PM
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1	testify to more topics than you were comfortable with	03:06PM	1	came together recently on March 2, 2018?	03:08PM
2	and you informed them of that yesterday for the first	03:06PM	2	A. No, in an e-mail prior.	03:09PM
3	time?	03:06PM	3	Q. Okay, in the an e-mail you received the Poch	03:09PM
4	MR. WILLIS: Objection to that question. That	03:06PM	4	factors?	03:09PM
5	calls for a privilege response and so I direct her not	03:07PM	5	MR. WILLIS: Objection to the form of the	03:09PM
6	to answer.	03:07PM	6	question.	03:09PM
7	MR. FINDLEY: I will rephrase my question.	03:07PM	7	A. I believe so. I need to check.	03:09PM
8	Q. As far as you have seen your deposition	03:07PM	8	Q. Okay. And what is your understanding of what	03:09PM
9	designation before, correct? We were originally	03:07PM	9	the Poch factors are?	03:09PM
10	scheduled to take this deposition in November, do you	03:07PM	10	A. It's precedence setting case related to	03:09PM
11	remember?	03:07PM	11	worker's compensation.	03:09PM
12	A. Yes.	03:07PM	12	Q. Okay. The Poch factors is a way for KapStone	03:09PM
13	Q. Okay. And at that time you had seen the same	03:07PM	13	Kraft Paper and Packaging Corporation to avoid	03:09PM
14	topics, right?	03:07PM	14	responsibility for the burns to my clients, correct?	03:09PM
15	A. Not, not the list, no.	03:07PM	15	MR. WILLIS: Objection to the form.	03:09PM
16	Q. They didn't show you Exhibit No. 1?	03:07PM	16	MR. FINDLEY: Is that your understanding?	03:09PM
17	A. No.	03:07PM	17	MR. WILLIS: Objection to the form of the	03:09PM
18	Q. Okay. So just to be clear about how this	03:07PM	18	question.	03:09PM
19	transpired is we issued a notice for deposition. When	03:07PM	19	MR. FINDLEY: Okay, what is it? What are the Poch	03:09PM
20	was the first time you saw it?	03:07PM	20	factors?	03:09PM
21	A. Friday.	03:07PM	21	MR. WILLIS: Objection, asked and answered.	03:09PM
22	Q. Okay. March 2nd was the first time you saw	03:07PM	22	MR. FINDLEY: Clarification. You read the	03:09PM
23	our notice for deposition?	03:07PM	23	document, I didn't see it. What did it say? You	03:09PM
24	A. No, the first time I saw the list.	03:07PM	24	received Poch factors. Was it a case? Was it typed out	03:09PM

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1	in a list? What was it?	03:09PM	1	upset and you are being a jackass, so.	03:11PM
2	MR. WILLIS: Do you recall?	03:09PM	2	MR. FINDLEY: Excuse me, a jackass.	03:11PM
3	A. I don't recall.	03:09PM	3	MR. WILLIS: You are being a jerk to her. You are	03:11PM
4	MR. FINDLEY: Dick, can you please stop coaching	03:09PM	4	being rude to her.	03:11PM
5	your witness.	03:10PM	5	MR. FINDLEY: A jackass. You are really out of	03:11PM
6	MR. WILLIS: I am just asking if she recalls.	03:10PM	6	the control, Dick.	03:11PM
7	Obviously she doesn't.	03:10PM	7	MR. WILLIS: You're the one out of control, Kyle.	03:11PM
8	MR. FINDLEY: Dick, here is the problem, I ask the	03:10PM	8	MR. FINDLEY: I've got the break, all right, keep	03:11PM
9	questions, you get to make objections. You have your	03:10PM	9	the record running.	03:11PM
10	rule book there, read Rule 30.	03:10PM	10	MR. DUCAYET: The record is going to show that you	03:11PM
11	MR. WILLIS: Objection to the form of the	03:10PM	11	have now made the witness cry so let's stop.	03:11PM
12	question.	03:10PM	12	MR. FINDLEY: I made the witness cry because I	03:11PM
13	MR. FINDLEY: Okay, fair enough.	03:10PM	13	asked her about the Poch factors that you are trying to	03:11PM
14	Q. Now, back to my question. You received a	03:10PM	14	coach the witness on. This is silly.	03:11PM
15	list of Poch factors?	03:10PM	15	MR. WILLIS: But you are browbeating her, Kyle.	03:11PM
16	MR. WILLIS: Object to the form of the question.	03:10PM	16	MR. DUCAYET: Let's go. We are off the record.	03:11PM
17	MR. FINDLEY: Is it in that binder, Exhibit 12?	03:10PM	17	We are done. We are done.	03:11PM
18	A. I don't know.	03:10PM	18	MR. FINDLEY: You are calling the depo?	03:11PM
19	Q. Take the binder out, let's look at it.	03:10PM	19	MR. DUCAYET: Yeah. We are done.	03:12PM
20	A. You want me to go through the whole thing.	03:10PM	20	MR. FINDLEY: Mister not admitted in this case	03:12PM
21	Q. I haven't seen -- I was never produced any	03:10PM	21	just called the depo.	03:12PM
22	Poch factors that you reviewed and I understand it was a	03:10PM	22	MR. DUCAYET: I am not going to permit you to	03:12PM
23	document that you reviewed, so do you have it?	03:10PM	23	treat the witness like that.	03:12PM
24	MR. WILLIS: Let me ask the witness to step out.	03:10PM	24	MR. FINDLEY: This is insanity.	03:12PM
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1	I don't want to coach her, but I think I can clear this	03:10PM	1	MR. WILLIS: She read the brief. She is not a	03:12PM
2	up for you if you want to know the answer.	03:10PM	2	lawyer. She doesn't know it's a brief. She read the	03:12PM
3	MR. FINDLEY: I want to know her answer, not your	03:10PM	3	brief.	03:12PM
4	answer.	03:10PM	4	MR. FINDLEY: Dick, I asked her --	03:12PM
5	MR. WILLIS: All right. You are just wasting your	03:10PM	5	MR. WILLIS: Why are you browbeating her about	03:12PM
6	time.	03:11PM	6	that?	03:12PM
7	MR. FINDLEY: Dick, this deposition is going to be	03:11PM	7	MR. FINDLEY: What are you talking about?	03:12PM
8	retaken.	03:11PM	8	MR. WILLIS: She read the brief.	03:12PM
9	Q. So let's go back. So what is your answer	03:11PM	9	MR. FINDLEY: Do you ever let someone else speak?	03:12PM
10	relating to the Poch factors? Is it contained in that	03:11PM	10	MR. WILLIS: I let you speak all the time.	03:12PM
11	notebook?	03:11PM	11	MR. FINDLEY: I just asked her a very simple	03:12PM
12	A. I don't know and I would like to check the	03:11PM	12	question, what is the paper you saw? What are the Poch	03:12PM
13	e-mail just to confirm if this is a big deal. I	03:11PM	13	factors?	03:12PM
14	remember receiving two documents.	03:11PM	14	MR. WILLIS: She doesn't know.	03:12PM
15	Q. Okay. And what were those documents based on	03:11PM	15	MR. FINDLEY: Because you have coached her so much	03:12PM
16	your recollection?	03:11PM	16	and your Sidley Austin lawyers have coached her so much,	03:12PM
17	A. I don't know.	03:11PM	17	she is scared to answer questions.	03:12PM
18	Q. Okay. Where did you learn the Poch factors?	03:11PM	18	MR. WILLIS: I haven't coached her at all. I	03:12PM
19	A. From whatever I read. I don't know when I	03:11PM	19	haven't coached her one bit	03:12PM
20	read it.	03:11PM	20	MR. FINDLEY: It's obvious what's going on here.	03:12PM
21	Q. Okay. So you read something about the Poch	03:11PM	21	She is afraid to say the wrong thing. I don't know why	03:12PM
22	factors?	03:11PM	22	she could not --	03:12PM
23	MR. DUCAYET: Dick, let's.	03:11PM	23	MR. WILLIS: She doesn't know what a brief is	03:12PM
24	MR. WILLIS: Time out. Time out. She is getting	03:11PM	24	because she is not a lawyer, so we sent her a copy of	03:12PM

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1	the brief. Listen, I am happy to sit here -- 03:12PM	1	deposition? 03:14PM
2	MR. FINDLEY: I mean, I am entitled -- you think I 03:12PM	2	MR. WILLIS: No. I am going to go talk to him. 03:14PM
3	can't ask her? 03:12PM	3	Are we through? 03:14PM
4	MS. SELZTER: (Unclear statements.) 03:12PM	4	MR. FINDLEY: I am waiting for the witness. 03:14PM
5	MR. WILLIS: I'm sorry, I can't hear you both at 03:12PM	5	MR. WILLIS: All right. 03:14PM
6	the same time. 03:12PM	6	(Mr. Willis exited the room.) 03:14PM
7	MR. FINDLEY: You don't think I am allowed to ask 03:12PM	7	THE VIDEOGRAPHER: I need to change the tape. 03:14PM
8	her what the Poch factor list is? 03:13PM	8	Should I leave it on or -- 03:14PM
9	MR. WILLIS: Yes. 03:13PM	9	MR. FINDLEY: You can go ahead and change the 03:14PM
10	MR. FINDLEY: Okay. And just because she cries 03:13PM	10	tape. 03:14PM
11	because she is terrified to violate what y'all have 03:13PM	11	THE VIDEOGRAPHER: We are going off the record at 03:14PM
12	given her. 03:13PM	12	3:14 p.m. 03:14PM
13	MR. WILLIS: No, she is terrified of you because 03:13PM	13	(Off the record.) 03:25PM
14	you yell at her. 03:13PM	14	THE VIDEOGRAPHER: We are back on record at the 03:25PM
15	MR. FINDLEY: No, Dick, I am yelling at you 03:13PM	15	beginning of tape three at 3:25 p.m. 03:26PM
16	because I have never seen a lawyer perform so poorly. 03:13PM	16	BY MR. FINDLEY: 03:26PM
17	MR. WILLIS: Oh, come on. 03:13PM	17	Q. And, Ma'am, we took a short break. Are you 03:26PM
18	MR. FINDLEY: I really haven't. You have done it 03:13PM	18	ready to continue? 03:26PM
19	through discovery through the get-go. 03:13PM	19	A. I am. 03:26PM
20	MR. WILLIS: I am not going to lose my cool with 03:13PM	20	Q. Okay. And I understand, well, during some of 03:26PM
21	you and I apologize for calling you a jackass, all 03:13PM	21	these conversations and some of my questioning you are 03:26PM
22	right. 03:13PM	22	getting pulled in a lot of directions with whether to 03:26PM
23	MR. FINDLEY: It's the second time you have done 03:13PM	23	answer, not answer, instructions, things of that sort. 03:26PM
24	it. You did it after the hearing where you went before 03:13PM	24	okay. Can we have an agreement moving forward that all 03:26PM
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1	the court, misrepresented everything. 03:13PM	1	I want to know is what you know, okay? 03:26PM
2	MR. WILLIS: You made her cry. You made a lady 03:13PM	2	A. Yes. 03:26PM
3	cry. Way to go, Dude. 03:13PM	3	Q. Is that fair? 03:26PM
4	MR. FINDLEY: I didn't make anyone cry. 03:13PM	4	A. Yes. 03:26PM
5	MR. WILLIS: I didn't make her cry. 03:13PM	5	Q. And the only question I am asking you before 03:26PM
6	MR. FINDLEY: No, here is what happened, Dick, 03:13PM	6	there was this interruption, okay, was you said you 03:26PM
7	y'all have confused her so much on how to be honest that 03:13PM	7	looked at a Poch document that you received via e-mail 03:26PM
8	she doesn't know what to say. 03:13PM	8	and I don't know what that was. Can you describe it for 03:26PM
9	MR. WILLIS: This is a very honest witness. 03:13PM	9	us? 03:26PM
10	MR. FINDLEY: The only one who is dishonest is you 03:13PM	10	A. It was a brief. 03:26PM
11	and your cohorts sitting next to either other. 03:13PM	11	Q. Okay. And it was a brief. When you say 03:26PM
12	MR. WILLIS: No. No. absolutely not.	12	brief, brief written by attorneys I assume or purported 03:26PM
13	MR. FINDLEY: All right.	13	to be, what appeared to be a court filing? 03:26PM
14	MR. WILLIS: Listen, we are not getting anywhere	14	A. Yes. 03:26PM
15	doing this.	15	Q. Okay. Now, other than that document are 03:26PM
16	MR. FINDLEY: I am done talking to you. Let's	16	there any other -- I mean did you read Poch's brief? 03:27PM
17	just leave it. The record can speak for itself. The 03:14PM	17	A. I read the brief, yes. 03:27PM
18	judge can watch the video and watch how many times this 03:14PM	18	Q. Okay. Was there another e-mail attached 03:27PM
19	has occurred. 03:14PM	19	giving a clear distinction of the factors within Poch? 03:27PM
20	THE VIDEOGRAPHER: Can we go off the record? 03:14PM	20	A. No. 03:27PM
21	MR. FINDLEY: No, you can leave it on. 03:14PM	21	Q. Okay. And what I am just trying to figure 03:27PM
22	MR. WILLIS: I thought we are done. 03:14PM	22	out is you used the word Poch. And in my understanding 03:27PM
23	MR. FINDLEY: I don't know. Are you letting an 03:14PM	23	of the brief that was filed has the name Poch inside of 03:27PM
24	attorney who is not enrolled in this case call the 03:14PM	24	the brief. Its title does not say Poch, is that right? 03:27PM

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1 A. I don't know. 03:27PM 2 Q. Okay. Tell me about the document you 03:27PM 3 reviewed. What did it look like? Is it in exhibit -- 03:27PM 4 the binder? 03:27PM 5 A. I don't believe so. 03:27PM 6 Q. Okay. not contained in binder number 12, 03:27PM 7 fair? 03:27PM 8 A. I don't believe so. 03:27PM 9 Q. Okay. Now you do have an e-mail. When did 03:27PM 10 you receive this e-mail, March 2nd? 03:27PM 11 A. No. 03:27PM 12 Q. Before then? 03:27PM 13 A. Prior to March 2nd, yes. 03:27PM 14 Q. Do you have an idea when? 03:28PM 15 A. No. I believe I have it. I can check. 03:28PM 16 Q. Do you have the e-mail? 03:28PM 17 A. No, no, no, on my computer if you needed a 03:28PM 18 date. I don't have it with me and I don't know. 03:28PM 19 Q. Okay. Fair enough. You can get us that 03:28PM 20 e-mail? 03:28PM 21 A. I believe so, yes. 03:28PM 22 Q. And what I am trying to figure out is an 03:28PM 23 e-mail within the last say two weeks? 03:28PM 24 A. The e-mail is recent. I don't know if it's 03:28PM	1 Q. And Wendy sent you, it was either Wendy or 03:29PM 2 her paralegal who sent you the e-mail? 03:29PM 3 A. The paralegal, yes. 03:29PM 4 Q. The? 03:29PM 5 A. I'm not sure to whom she reports. 03:29PM 6 Q. Oh, okay. Fair enough. It was a paralegal 03:29PM 7 associated with her in-house department, right? 03:29PM 8 A. Yes. 03:29PM 9 Q. Not a paralegal at Dick Willis' office? 03:29PM 10 A. No. 03:29PM 11 Q. Okay. Now, as far as the Poch factors -- 03:29PM 12 well, as far as what was -- we talked about a document 03:29PM 13 that you were taken out in the hallway to look at. Do 03:30PM 14 you remember that document? 03:30PM 15 A. Yes. 03:30PM 16 Q. Okay. And what I want to know -- 03:30PM 17 MR. WILLIS: Did you mark that as an exhibit? 03:30PM 18 MR. FINDLEY: Yes. I4. 03:30PM 19 MR. WILLIS: Thank you. 03:30PM 20 BY MR. FINDLEY: 03:30PM 21 Q. What I want to know is this, you have -- 03:30PM 22 well, let's back up. On March 2nd -- I mean back up 03:30PM 23 totally. September of last year you issued an 03:30PM 24 affidavit, correct? 03:30PM
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1 within the last two weeks. 03:28PM 2 Q. Okay. Certainly this year though? 03:28PM 3 A. Yes. 03:28PM 4 Q. Certainly within the last month? 03:28PM 5 A. Again, I prefer to check. 03:28PM 6 Q. And that's fair and I just want -- and I am 03:28PM 7 not going to hold you to this exact date if it's 35 days 03:28PM 8 or whether it's 24 days or whatever. All I am trying to 03:28PM 9 get a sense of we are sitting here on March 6th, was it 03:28PM 10 some time after January? 03:28PM 11 A. I believe so, yes. 03:28PM 12 Q. Who did you receive the e-mail from? 03:28PM 13 A. I believe from legal. 03:28PM 14 Q. And when you say legal, is that Dick Willis 03:29PM 15 who is sitting here? 03:29PM 16 A. No. 03:29PM 17 Q. Okay. It's a person within legal at KapStone 03:29PM 18 Paper and Packaging Corporation? 03:29PM 19 A. Yes. 03:29PM 20 Q. Okay. Does that person have a name? 03:29PM 21 A. I'm not sure if it was Wendy or Rebecca, the 03:29PM 22 paralegal. 03:29PM 23 Q. And Wendy who is sitting in this room? 03:29PM 24 A. Yes. 03:29PM	1 A. Yes. 03:30PM 2 Q. Okay. And we are going to get to that in a 03:30PM 3 second. After that affidavit there was talk about 03:30PM 4 setting your deposition up some time in November or 03:30PM 5 December of 2017, are you familiar with that? 03:30PM 6 A. Yes. 03:30PM 7 Q. Okay. Your understanding is that deposition 03:30PM 8 was postponed, right? 03:30PM 9 A. Yes. 03:30PM 10 Q. And then when you found out about this 03:30PM 11 deposition taking place about a week ago? 03:30PM 12 A. It may have been longer. 03:30PM 13 MR. WILLIS: And again to the extent that 03:30PM 14 Mr. Findley is asking you about communications you had 03:30PM 15 with lawyers, that would be privileged and I would 03:30PM 16 direct you not to answer. But in terms of timing, I 03:31PM 17 have got no problem with that if you can respond. 03:31PM 18 BY MR. FINDLEY: 03:31PM 19 Q. All I am asking for is a time frame or when 03:31PM 20 you first became aware that you were going to give a 03:31PM 21 deposition here on March 6, 2018? 03:31PM 22 A. It was after, I mean in this current year. I 03:31PM 23 would like to check when that was. 03:31PM 24 Q. Okay. Fair enough. It was probably sometime 03:31PM

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1 before you received Exhibit No. 12? 03:31PM 2 A. Yes. 03:31PM 3 Q. Okay. Whether it was a week, two weeks, 03:31PM 4 three weeks, you can't remember exactly, but somewhere 03:31PM 5 reasonable time frame this year weeks before Exhibit 12? 03:31PM 6 A. Yes. 03:31PM 7 Q. Okay. As far as what you found out regarding 03:31PM 8 that deposition, it was for scheduling purposes only? 03:31PM 9 A. Yes. 03:31PM 10 Q. Okay. When you received Exhibit 12 is the 03:31PM 11 first time you started reviewing documents in 03:31PM 12 preparation for your deposition, fair? 03:31PM 13 A. Yes. 03:31PM 14 Q. Okay. Yesterday you met with your attorneys? 03:31PM 15 A. Yes. 03:31PM 16 Q. Okay. And who all was at that meeting? 03:31PM 17 A. The four of us. 03:32PM 18 Q. Okay. You had three attorneys with you at a 03:32PM 19 meeting regarding this deposition which took place 03:32PM 20 yesterday? 03:32PM 21 A. Yes. 03:32PM 22 Q. Okay. And that meeting took place from the 03:32PM 23 9:30 in the morning till 5:00 p.m.? 03:32PM 24 A. Roughly, yes. 03:32PM	1 regarding all documents that refer, relate or represent 03:33PM 2 the corporate structure of the defendant, okay, 03:33PM 3 including any subsidiaries and ownership interest. What 03:33PM 4 you are telling us now is you can't do that, right? 03:33PM 5 MR. WILLIS: Objection to the form of the 03:33PM 6 question. 03:33PM 7 A. I believe I said the same when we went 03:33PM 8 through them, you know. 03:33PM 9 BY MR. FINDLEY: 03:33PM 10 Q. No, I am not saying you said different, I am 03:33PM 11 saying your lawyer said different. 03:34PM 12 MR. WILLIS: Object to the form of the question. 03:34PM 13 A. I wasn't here. 03:34PM 14 Q. Okay. And that's fine. What I am trying to 03:34PM 15 figure out, is there any idea why your lawyer is saying 03:34PM 16 you can cover things to testify that you are telling me 03:34PM 17 that you can't? 03:34PM 18 MR. WILLIS: Objection to the form of the question 03:34PM 19 and that would cover privilege, I would direct the 03:34PM 20 witness not to answer. 03:34PM 21 BY MR. FINDLEY: 03:34PM 22 Q. I am not asking you about conversations with 03:34PM 23 him. I am asking you if you have any information as to 03:34PM 24 why it's being represented to me that you can testify to 03:34PM
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1 Q. And you said during that time that there were 03:32PM 2 some issues regarding the corporate representative 03:32PM 3 topics that you didn't feel comfortable testifying to, 03:32PM 4 correct? 03:32PM 5 MR. WILLIS: And again I would object to that on 03:32PM 6 the grounds of privilege and direct her not to answer 03:32PM 7 beyond what we have already talked about on the record. 03:32PM 8 BY MR. FINDLEY: 03:32PM 9 Q. All right, earlier you told me that you 03:32PM 10 became aware that you were going to testify to topics 03:32PM 11 and you informed or however you made it known there were 03:32PM 12 certain topics that you could not cover. Is that a fair 03:32PM 13 representation? 03:32PM 14 A. Yes. I was not comfortable. 03:32PM 15 Q. Fair enough. And that's what I am trying to 03:32PM 16 get at. And you discovered that you were not 03:32PM 17 comfortable talking about certain topics yesterday from 03:33PM 18 9:30 to 5:30 or at some point, correct? 03:33PM 19 A. Yes. 03:33PM 20 Q. Now, when this deposition started we went on 03:33PM 21 the record before you walked in the room regarding some 03:33PM 22 of those topics and it was represented that you would 03:33PM 23 talk to and within your scope of testimony all, I will 03:33PM 24 get it exactly, that you would be able to testify 03:33PM	1 topics that you can't? 03:34PM 2 A. I don't know. 03:34PM 3 Q. Okay. What is your understanding of why you 03:34PM 4 were forwarded the Poch factors? 03:34PM 5 A. I don't know. 03:34PM 6 Q. Okay. Did you understand it to have 03:34PM 7 something -- you talked a little bit earlier that you 03:34PM 8 understood based on reviewing the documents that the 03:34PM 9 Poch factors dealt with something involving worker's 03:34PM 10 compensation? 03:35PM 11 A. Right. 03:35PM 12 Q. Okay. Doesn't it deal with immunity for 03:35PM 13 worker's compensation? 03:35PM 14 A. My understanding, it's a case that supports 03:35PM 15 worker's comp as sole remedy. 03:35PM 16 Q. It's a case that supports my client not being 03:35PM 17 able to recover from Kapstone, fair? 03:35PM 18 MR. WILLIS: Objection to the form of the 03:35PM 19 question. 03:35PM 20 BY MR. FINDLEY: 03:35PM 21 Q. Is that your understanding? 03:35PM 22 A. It has recovered under worker's comp. 03:35PM 23 Q. Okay. And your understanding is the Poch 03:35PM 24 factor stands for the premise that my client's sole 03:35PM

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1 recovery would be limited to worker's compensation, is 03:35PM 2 that fair? 03:35PM 3 A. My understanding of 30 years in insurance 03:35PM 4 would say worker's comp is the sole remedy. 03:35PM 5 Q. 30 years in insurance have shown you that? 03:35PM 6 A. That's how we talk about worker's comp being 03:35PM 7 sole remedy. 03:35PM 8 Q. Well, why is the Poch factor case in 2013 if 03:35PM 9 you have known about it for 30 years? 03:35PM 10 MR. WILLIS: Objection to the form of the 03:35PM 11 question. 03:36PM 12 A. I didn't say I knew about the Poch for 30 03:36PM 13 years. 03:36PM 14 Q. Okay. Well that's what I am trying to figure 03:36PM 15 out. The Poch case dealt with immunity, right? Is that 03:36PM 16 what it deals with? 03:36PM 17 A. I don't know. 03:36PM 18 Q. Okay. So you said 30 years. 03:36PM 19 A. I have been in insurance for a long time and 03:36PM 20 worker's comp has always been sole remedy as my -- in my 03:36PM 21 understanding. 03:36PM 22 Q. Okay. For which companies? 03:36PM 23 A. Solo Cup Company, Tap Pharmaceuticals and 03:36PM 24 here. 03:36PM	1 A. Right. The integrated business who pays the 03:37PM 2 bills, that type of thing. 03:37PM 3 Q. Okay. And why you know that is based on the 03:38PM 4 briefing that you were provided? 03:38PM 5 A. Why I know about Poch, yes. 03:38PM 6 Q. Okay. And what I am trying to figure out is 03:38PM 7 before you were given the briefing relating to Poch 03:38PM 8 factors, you didn't know what those factors were. fair? 03:38PM 9 A. Fair. 03:38PM 10 Q. Okay. It wasn't like you had ever had 03:38PM 11 someone else provide you with those factors as to what 03:38PM 12 the courts considered prior to this lawsuit, correct? 03:38PM 13 A. Correct. 03:38PM 14 Q. So in the Poch factors that you were given, 03:38PM 15 just so we are clear, those were in 2018, correct? 03:38PM 16 A. Yes. 03:38PM 17 Q. All right. Let's go to your affidavit. We 03:38PM 18 know that you did not type out the words in this 03:38PM 19 affidavit. fair? 03:39PM 20 A. Yes. 03:39PM 21 Q. Okay. We know that you did not pour through 03:39PM 22 documents to formulate the paragraphs of this affidavit, 03:39PM 23 correct? 03:39PM 24 A. Correct. 03:39PM
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1 Q. Did they have a different corporate structure 03:36PM 2 or do you even know? 03:36PM 3 MR. WILLIS: Objection to form. 03:36PM 4 A. I don't recall. 03:36PM 5 BY MR. FINDLEY: 03:36PM 6 Q. Okay. As far as what factors the court 03:36PM 7 considers as to whether or not KapStone Paper and 03:36PM 8 Packaging Corporation is entitled to immunity, do you 03:36PM 9 have any idea? 03:36PM 10 MR. WILLIS: Objection, beyond the scope and 03:36PM 11 objection to form. 03:36PM 12 MR. FINDLEY: She is the one who said it's based 03:36PM 13 on 30 years. What I am trying to figure out is what are 03:37PM 14 you basing it off of. 03:37PM 15 Q. Do you have any knowledge regarding that? 03:37PM 16 A. What is the question? 03:37PM 17 MR. FINDLEY: Okay, read her the question again. 03:37PM 18 (Question read.) 03:37PM 19 A. I don't understand the question. 03:37PM 20 BY MR. FINDLEY: 03:37PM 21 Q. As far as what factors the courts consider 03:37PM 22 when they determine whether or not worker's compensation 03:37PM 23 is the exclusive remedy for my clients, do you have any 03:37PM 24 idea of what they look at? 03:37PM	1 Q. Okay. This affidavit was typed up by an 03:39PM 2 attorney. correct? 03:39PM 3 MR. WILLIS: Objection to the form of the 03:39PM 4 question. 03:39PM 5 BY MR. FINDLEY: 03:39PM 6 Q. Is that your understanding? 03:39PM 7 A. Yes. 03:39PM 8 Q. Do you know which attorney typed it up? 03:39PM 9 A. I do not. 03:39PM 10 Q. Did you receive it in an e-mail? 03:39PM 11 A. You asked that before and I have to check. 03:39PM 12 Q. Okay. Did you -- when you received it in the 03:39PM 13 e-mail, did you ever make any changes to it that you are 03:39PM 14 aware of? 03:39PM 15 A. Yes. 03:39PM 16 Q. Okay, what changes did you make? 03:39PM 17 A. Right. I don't recall. The one I do recall 03:39PM 18 is I confirmed the amount, but I believe there were two 03:39PM 19 or three in total. 03:39PM 20 Q. Okay. So just so -- let's go through this. 03:39PM 21 Just so we are clear, there are six pages and 31 03:39PM 22 paragraphs for this affidavit, correct? 03:40PM 23 A. Correct. 03:40PM 24 Q. Of those 31 paragraphs how many paragraphs 03:40PM

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1 did you type out? 03:40PM 2 MR. WILLIS: Objection, asked and answered. 03:40PM 3 A. I didn't type any. 03:40PM 4 Q. Okay. Of the changes that you made to the 03:40PM 5 affidavit after it was sent to you, you said there was 03:40PM 6 two or three? 03:40PM 7 A. Correct. 03:40PM 8 Q. One of those was you went and confirmed the 03:40PM 9 payout of three and a half million that's listed in 03:40PM 10 paragraph three? 03:40PM 11 A. Yes. 03:40PM 12 Q. Okay. Any others that you remember? 03:40PM 13 A. I don't recall. 03:40PM 14 Q. Okay. None jump out at you, fair? 03:40PM 15 A. Fair. 03:40PM 16 Q. All right. So let's go to topic number four 03:40PM 17 or paragraph number four. "Kapstone Paper produced, 03:40PM 18 paid the premiums for and the policyholder of worker's 03:41PM 19 compensation policy issued by Sentry that ensures 03:41PM 20 Kapstone." Do you see that paragraph? 03:41PM 21 A. Yes. 03:41PM 22 Q. Okay. Did you -- you didn't -- we know you 03:41PM 23 didn't type that paragraph, right? 03:41PM 24 A. Correct. 03:41PM	1 My question is when you received this 03:42PM 2 affidavit and it contained the statement in Exhibit 4. 03:42PM 3 did you go back and look at every single premium payment 03:42PM 4 and verify that Kapstone Paper and Packaging Corporation 03:42PM 5 did, in fact, pay the premiums? 03:42PM 6 A. I did not. 03:42PM 7 Q. Okay. Do you have copies of those checks? 03:42PM 8 Have you seen them since you saw this affidavit for the 03:42PM 9 first time? 03:42PM 10 A. Have I seen copies of the checks? 03:42PM 11 Q. Related to the premiums? 03:42PM 12 A. I have not, but I believe that Marsh, our 03:42PM 13 broker, is an ACH, so there would not have been no 03:42PM 14 check, an electronic payment, because the vendor. 03:42PM 15 Q. One more time, I'm sorry. I didn't 03:42PM 16 understand. Who is a what? 03:42PM 17 A. We would pay Marsh the premiums and they 03:42PM 18 would in turn pay Sentry. 03:43PM 19 Q. You would pay Marsh? 03:43PM 20 A. Our broker. 03:43PM 21 Q. Okay. Marsh who? 03:43PM 22 A. Marsh U.S.A. 03:43PM 23 Q. Okay. Marsh. Do you know the legal entity 03:43PM 24 for it? 03:43PM
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1 MR. WILLIS: Objection. 03:41PM 2 BY MR. FINDLEY: 03:41PM 3 Q. What did you do to go verify it? 03:41PM 4 A. I procured it. 03:41PM 5 Q. You procured the worker's compensation 03:41PM 6 insurance? 03:41PM 7 A. All insurance, yes. 03:41PM 8 Q. As far as going back and checking every 03:41PM 9 single month of who paid the premium, you didn't do 03:41PM 10 that, right? 03:41PM 11 MR. WILLIS: Objection to form. 03:41PM 12 A. I have to approve the invoices related to my 03:41PM 13 area, so, yes, I approved them. 03:41PM 14 BY MR. FINDLEY: 03:41PM 15 Q. So you went back and checked who wrote the 03:41PM 16 check for the premium? 03:41PM 17 MR. WILLIS: Objection to form. 03:41PM 18 A. Kapstone Paper wrote the check. 03:41PM 19 Q. Okay. So the answer would be, yes, you went 03:41PM 20 back and checked to see who wrote the premium for every 03:41PM 21 premium payment? 03:41PM 22 A. As part of our process, I have to sign off on 03:41PM 23 the premiums to be paid, yes. 03:42PM 24 Q. Objection, nonresponsive. 03:42PM	1 A. That is. 03:43PM 2 Q. Okay, Marsh U.S.A.? 03:43PM 3 A. Like AON, are you familiar with? 03:43PM 4 Q. Yes. I am just trying to get clarity, Marsh 03:43PM 5 U.S.A. is who? 03:43PM 6 A. I don't know if that's the exact company 03:43PM 7 that. 03:43PM 8 Q. And what I am trying to get clarity on, in 03:43PM 9 exhibit number, I'm sorry, what is your affidavit, the 03:43PM 10 exhibit? 03:43PM 11 A. Six. 03:43PM 12 Q. In Exhibit No. 6 we have got a sworn to 03:43PM 13 affidavit, paragraph number four, and it talks about who 03:43PM 14 pays the premiums for the worker's compensation policy. 03:43PM 15 And what you have testified to is you did not go back 03:43PM 16 and look at the checks for the premiums. Your 03:43PM 17 understanding is that you pay Marsh U.S.A., is that 03:43PM 18 right? 03:43PM 19 A. We pay Marsh. 03:43PM 20 Q. Okay. How much? Did you go back and look? 03:44PM 21 A. I did not. 03:44PM 22 Q. Okay. Do you have any idea how often you pay 03:44PM 23 Marsh? 03:44PM 24 A. For the worker's comp policy it was monthly. 03:44PM

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1 Q. Okay. Do you have any idea which entity paid 03:44PM 2 Marsh every single month? 03:44PM 3 A. The money came out of the Kapstone Paper 03:44PM 4 account. 03:44PM 5 Q. Okay. KapStone Paper and Packaging 03:44PM 6 Corporation? 03:44PM 7 A. Yes. 03:44PM 8 Q. Okay, was their name on the bank account that 03:44PM 9 issued the check or do you know? 03:44PM 10 A. According to this document it's KapStone 03:44PM 11 Kraft Paper, but I would need to confirm. 03:44PM 12 Q. KapStone Kraft Paper Corporation? 03:45PM 13 A. Right. 03:45PM 14 Q. Right here? 03:45PM 15 A. Right. 03:45PM 16 Q. So Exhibit No. 7, KapStone Kraft Paper 03:45PM 17 Corporation is your understanding of who paid Marsh, 03:45PM 18 correct? 03:45PM 19 A. Right. So the payment would be initiated 03:45PM 20 from this account, but the funds to cover it would come 03:45PM 21 from Kapstone Paper because all of these are ZBA 03:45PM 22 accounts. 03:45PM 23 Q. So let's just go take it one step at a time. 03:45PM 24 The actual payment would come from KapStone Kraft Paper. 03:45PM	1 go back and verify that every single premium came from 03:46PM 2 that account, okay. When that statement was written 03:46PM 3 down, someone else wrote paragraph four and you assumed 03:46PM 4 that they had gone and verified that is what I assume. 03:47PM 5 right? 03:47PM 6 MR. WILLIS: Objection to the form of the 03:47PM 7 question. 03:47PM 8 A. We had conversation before this was prepared. 03:47PM 9 Q. Okay. 03:47PM 10 A. And I explained the process. 03:47PM 11 Q. Okay. As far as documents you relied on to 03:47PM 12 make the statement in paragraph number four, we have one 03:47PM 13 document which is the declaration page to Exhibit A, 03:47PM 14 correct? 03:47PM 15 A. Correct. 03:47PM 16 Q. There are no actual checks leaving any type 03:47PM 17 of bank account for the premium amounts attached in any 03:47PM 18 of the Exhibit 12 or Exhibit A, B, and C, correct? 03:47PM 19 MR. WILLIS: Objection to the form of the 03:47PM 20 question. 03:47PM 21 BY MR. FINDLEY: 03:47PM 22 Q. Is that correct? 03:47PM 23 A. Correct. 03:47PM 24 Q. Now the next one, paragraph five, says 03:47PM
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1 correct? 03:45PM 2 A. From the KapStone Kraft Paper account, yes. 03:45PM 3 Q. Okay. And as far as how much -- oh, excuse 03:45PM 4 me. As far as how much came from that actual account. 03:45PM 5 that wasn't something you looked at before signing this 03:45PM 6 affidavit, fair? 03:45PM 7 A. Fair. 03:45PM 8 Q. Okay. As far as whether or not that was the 03:45PM 9 same account that paid the premiums every month, that 03:46PM 10 wasn't something you looked at prior to signing this 03:46PM 11 affidavit, fair? 03:46PM 12 A. Can you repeat that. 03:46PM 13 Q. As far as whether or not those premiums did. 03:46PM 14 in fact, get paid out of that account every single 03:46PM 15 month, the same account for the entire existence of that 03:46PM 16 policy, that was not something you verified prior to 03:46PM 17 signing this affidavit, correct? 03:46PM 18 A. Correct. 03:46PM 19 Q. Okay. And what I mean by that is you relied 03:46PM 20 on someone else to do that research for you, I assume. 03:46PM 21 right? 03:46PM 22 A. I approved the payment to be paid. 03:46PM 23 Q. Okay. And what I am saying is when exhibit. 03:46PM 24 paragraph number four, okay, we already know you did not 03:46PM	1 "Kapstone Paper paid a deductible under the policy in 03:47PM 2 the amount of 250,000." Are you talking about Kapstone 03:47PM 3 Paper and Packaging Corporation? 03:48PM 4 A. Yes. 03:48PM 5 Q. Okay. And did you go back and verify what 03:48PM 6 account that came from? 03:48PM 7 A. I did not. 03:48PM 8 Q. Okay. As far as what account that did come 03:48PM 9 from, you would agree with me that we don't have those 03:48PM 10 documents in front of us today or Exhibit No. 12? 03:48PM 11 MR. WILLIS: Objection to the form of the 03:48PM 12 question. 03:48PM 13 A. What is the question? 03:48PM 14 Q. It says the deductible under the policy. 03:48PM 15 \$250,000, we already said that you did not go verify 03:48PM 16 what account it came from, fair? And what I am saying 03:48PM 17 is I also have not seen a document that says what 03:48PM 18 account that came from. Have you? 03:48PM 19 A. I have not, but there is only one account and 03:48PM 20 I can get that information. 03:48PM 21 Q. Okay. As far as, and I am going to ask for 03:48PM 22 it later, okay. And I will agree to you about that. I 03:48PM 23 will send a request to your lawyers to get that, but 03:48PM 24 what I want to know right now is when you signed this in 03:49PM

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1 September 20th, that wasn't something that you went and 03:49PM 2 looked for? 03:49PM 3 A. Correct. 03:49PM 4 Q. Okay. It says number six, Kapstone Paper is 03:49PM 5 a publicly traded corporation and it is the ultimate 03:49PM 6 parent company of numerous direct and indirect 03:49PM 7 wholly-owned subsidiaries including Kapstone Kraft and 03:49PM 8 Kapstone Charleston. We already talked about this 03:49PM 9 earlier? You are not the person at the company to talk 03:49PM 10 to regarding that, correct? 03:49PM 11 MR. WILLIS: Object to the form of the question. 03:49PM 12 A. Aside from my personal knowledge. 03:49PM 13 Q. Okay. In your personal knowledge the only 03:49PM 14 documents you have ever reviewed related to that was 03:49PM 15 Kapstone Bates label 0001 and Exhibit B to your 03:49PM 16 affidavit? 03:49PM 17 MR. WILLIS: Objection to the form of the 03:49PM 18 question. 03:49PM 19 BY MR. FINDLEY: 03:49PM 20 Q. Fair? 03:49PM 21 A. Fair. 03:49PM 22 BY MR. FINDLEY: 03:49PM 23 Q. In fact, you were shown a document of the 03:49PM 24 Secretary of State's registration to do business in 03:50PM	1 MR. WILLIS: Objection to the form of the 03:51PM 2 question. 03:51PM 3 A. Between the mills, no. 03:51PM 4 Q. When it says, "Both entities generally use 03:51PM 5 similar processes and types of equipment to conduct 03:51PM 6 these activities," that's not something that you know 03:51PM 7 anything about other than you have been to them before. 03:51PM 8 right? 03:51PM 9 MR. WILLIS: Objection to the form of the 03:51PM 10 question. 03:51PM 11 A. Right. 03:51PM 12 Q. What I am saying is someone else wrote that 03:51PM 13 paragraph, fair? 03:51PM 14 A. We have already said someone else wrote it. 03:51PM 15 Q. Right. And what I am trying to figure out 03:51PM 16 now, I know someone else wrote the whole affidavit. 03:51PM 17 What I am trying to figure out is when you swore to a 03:51PM 18 statement that says, "both entities generally use 03:51PM 19 similar processes and types of equipment to conduct 03:52PM 20 these activities," you weren't entirely sure what they 03:52PM 21 were talking about. You signed it because you were told 03:52PM 22 to sign it, fair? 03:52PM 23 MR. WILLIS: Objection to the form of the 03:52PM 24 question. 03:52PM
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1 South Carolina and you told us that was outside your 03:50PM 2 scope, right? 03:50PM 3 A. Right. 03:50PM 4 Q. So as far as how these entities are set up or 03:50PM 5 the legal documents related to them, that is -- you 03:50PM 6 didn't go research or verify paragraph six when it was 03:50PM 7 written to you in your affidavit to sign, fair? 03:50PM 8 A. Fair. 03:50PM 9 Q. Okay. "Number seven, Kapstone Charleston and 03:50PM 10 KapStone Kraft manufacture and sell certain paper 03:50PM 11 products including unbleached Kraft paper and container 03:50PM 12 board." Where did you get that information? 03:50PM 13 A. Personal knowledge and it's in the 10K. 03:50PM 14 Q. Okay. Well, I know the statement is in the 03:50PM 15 10K, but do you have any idea of what processes are 03:50PM 16 involved in unbleached Kraft paper and container board? 03:50PM 17 A. I have been to the mills and seen the 03:51PM 18 process. 03:51PM 19 Q. And I have been to the mill too and I have 03:51PM 20 seen the process, but I can't tell you the process. Can 03:51PM 21 you tell me the process? 03:51PM 22 A. Not in detail, no. 03:51PM 23 Q. Can you tell me what is similar about those 03:51PM 24 processes? 03:51PM	1 A. If you ask other Kapstone employees, this is 03:52PM 2 what we know, this is what we say, right. 03:52PM 3 Q. I understand it's what you say. That 03:52PM 4 sentence is listed in a 10K or somewhere. I am talking 03:52PM 5 about your knowledge. As far as the details of those 03:52PM 6 processes between those two plants, you can't sit here 03:52PM 7 under oath and tell the ladies and gentlemen of the jury 03:52PM 8 how they are similar or how they are different, is that 03:52PM 9 fair? 03:52PM 10 MR. WILLIS: Objection to the form of the 03:52PM 11 question. 03:52PM 12 A. I guess so. 03:52PM 13 Q. So, number eight, we would agree that already 03:53PM 14 earlier that Kapstone Paper and Packaging Corporation 03:53PM 15 does not manufacture or sell paper products. We already 03:53PM 16 talked about that, right? 03:53PM 17 A. Yes. 03:53PM 18 Q. And now it talks about provides support and 03:53PM 19 oversight to the operations of certain subsidiaries. 03:53PM 20 okay. What I want to talk to you about is what is the 03:53PM 21 extent of support and oversight it provides? Do you 03:53PM 22 know? 03:53PM 23 A. Is that the whole question? 03:53PM 24 Q. Yes. 03:53PM

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1 A. Okay. So by support I can speak to my world. 03:53PM 2 We do all of the accounts payable, receivable, credit, 03:53PM 3 collections, payroll, and insurance. 03:53PM 4 Q. Okay, fair enough. And so that's what I want 03:53PM 5 to talk to you about. Well, you have never worked for 03:53PM 6 KapStone Charleston Kraft LLC, fair? 03:54PM 7 A. Fair. 03:54PM 8 Q. You have never worked for KapStone Kraft 03:54PM 9 Paper Corporation, correct? 03:54PM 10 A. Correct. 03:54PM 11 Q. The only entity you have worked for is 03:54PM 12 KapStone Paper and Packaging Corporation, true? 03:54PM 13 A. True. 03:54PM 14 Q. Okay. So as far as your role at KapStone 03:54PM 15 Paper and Packaging Corporation, the only information 03:54PM 16 you know related to what it provides is related to what 03:54PM 17 you talked about earlier, helping with accounting, 03:54PM 18 payroll. Tell me what it was. I have got accounts 03:54PM 19 payable, receivable? 03:54PM 20 A. Credit, collections, payroll, and insurance. 03:54PM 21 Q. Okay. 03:54PM 22 A. Insured service group. The whole corporate 03:54PM 23 office does the same, they are just not in my 03:54PM 24 department. 03:54PM	1 Q. And you mentioned him as a Kapstone entity 03:56PM 2 director and officer that was attached to your 03:56PM 3 affidavit, correct? Exhibit, I believe it's Exhibit B, 03:56PM 4 is that right? 03:56PM 5 MR. WILLIS: Objection to form. 03:56PM 6 A. Well, he is the CEO. President and CEO of 03:56PM 7 Kapstone Paper. 03:56PM 8 Q. And what I am saying is, Exhibit B, all of 03:56PM 9 these people that you said that these would be people 03:56PM 10 who are on your management team or leadership team or 03:56PM 11 what? 03:56PM 12 A. Right. So Randy Nebel, the executive VP, 03:56PM 13 Bill Kissinger, Pat Ortiz. 03:56PM 14 Q. Okay. 03:56PM 15 A. Mike Murphy and Tony Myers are all on the 03:56PM 16 same team. 03:56PM 17 Q. Okay. And that's a leadership -- well, all 03:56PM 18 of those individuals are listed as officers on this 03:56PM 19 page, correct? 03:56PM 20 A. Yes. 03:56PM 21 Q. Okay. As far as if those people were listed 03:56PM 22 as officers prior to January 1, 2017, you have no idea, 03:57PM 23 fair? 03:57PM 24 MR. WILLIS: Objection to the form of the 03:57PM
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1 Q. Okay. So when it says oversight to the 03:54PM 2 operations, okay, when we are talking about oversight to 03:54PM 3 the operations of the plant, you have no idea what they 03:55PM 4 provide oversight over? 03:55PM 5 MR. WILLIS: Objection to the form of the 03:55PM 6 question. 03:55PM 7 A. Well, Matt Kaplan is the CEO, right, so 03:55PM 8 operations report to him and he is housed in Northbrook 03:55PM 9 and employed by Kapstone Paper. 03:55PM 10 MR. FINDLEY: Objection, nonresponsive. 03:55PM 11 Q. My question is you have never at any point in 03:55PM 12 time in your life been exposed to the oversight or 03:55PM 13 operations of any of the subsidiaries other than what 03:55PM 14 you talked about in your role in the accounting 03:55PM 15 department? 03:55PM 16 A. I participate on a leadership team. 03:55PM 17 Q. Which one? 03:55PM 18 A. The One Kapstone Leadership Team which has 03:55PM 19 the president, the mill system and the container system 03:55PM 20 VPs, executive teams that are in operations, so I am 03:55PM 21 aware of the conversations that they have. 03:55PM 22 Q. Okay. And so let's talk about that for a 03:55PM 23 second. Matthew Kaplan, you mentioned him, remember? 03:56PM 24 A. Yes. 03:56PM	1 question. 03:57PM 2 A. I can't speak to the details. A subset, I 03:57PM 3 can. 03:57PM 4 Q. And the other question for that is as far as 03:57PM 5 if they were involved on the leadership team around the 03:57PM 6 type of this incident, Leadership One, you have no idea 03:57PM 7 either, correct? That is a new service? 03:57PM 8 A. Correct. 03:57PM 9 Q. Okay. Leadership One was this whole 03:57PM 10 centralized thing that came out with your new position 03:57PM 11 on January 1, 2017, correct? 03:57PM 12 A. Yes. 03:57PM 13 Q. Okay. Came out when they listed this new 03:57PM 14 list of officers and directors on January 1, 2017 as 03:57PM 15 well, correct? 03:57PM 16 A. Correct. 03:57PM 17 Q. It wasn't in existence prior to that, 03:57PM 18 correct? 03:57PM 19 MR. WILLIS: Objection to the form of the 03:57PM 20 question. 03:57PM 21 A. Correct. 03:57PM 22 Q. So really when we are talking about number 03:57PM 23 eight, we could add to that that oversight of operations 03:58PM 24 and certain subsidiaries as far as the operations and 03:58PM

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1 oversight since that information from you comes from 03:58PM 2 Leadership One. we can say your knowledge would be 03:58PM 3 limited to operations and oversight from January 1, 2017 03:58PM 4 and beyond, fair? 03:58PM 5 MR. WILLIS: Objection to the form of the 03:58PM 6 question. 03:58PM 7 A. It may have been later than that, but yes, in 03:58PM 8 2017. 03:58PM 9 BY MR. FINDLEY: 03:58PM 10 Q. Okay. Kapstone is a limited liability 03:58PM 11 company and is a wholly-owned by KapStone Kraft. 03:58PM 12 Kapstone is a sole managing member of Kapstone 03:58PM 13 Charleston. What documents did you look at -- well, 03:58PM 14 this might be a repeat of testimony earlier, but I 03:58PM 15 assume the document you looked at to come to that answer 03:59PM 16 was the one that we discussed in detail, the 03:59PM 17 organizational chart on Exhibit C? 03:59PM 18 MR. WILLIS: Objection to the form of the 03:59PM 19 question. 03:59PM 20 A. Or the one in the book. 03:59PM 21 BY MR. FINDLEY: 03:59PM 22 Q. Which was Kapstone Bates labeled 0001. Yeah, 03:59PM 23 I can get it for you. I am not trying to trick you or 03:59PM 24 anything. Hold up. 03:59PM	1 from, from Exhibit 15 and Exhibit C to your affidavit, 04:00PM 2 correct? 04:00PM 3 MR. WILLIS: Objection to the form. 04:00PM 4 A. Correct, but it's also referenced in the list 04:00PM 5 of officers. 04:00PM 6 Q. Okay. Exhibit B and C. is that fair? 04:00PM 7 A. Yes. 04:00PM 8 Q. Okay. You would agree with me that Exhibit 04:00PM 9 B, C and Exhibit 15 all have dates on them that are post 04:00PM 10 incident? Exhibit 15 has September 2016, that would be 04:00PM 11 beyond this incident involving Jacque Lucas and Daniel 04:00PM 12 Simerly, correct? 04:01PM 13 A. Yes. 04:01PM 14 Q. Exhibit C to your organizational chart has a 04:01PM 15 2017 date on it, correct? You can look. 04:01PM 16 A. Yes. 04:01PM 17 Q. And Exhibit B with the list of officers and 04:01PM 18 directors, that was again January 1, 2017 when there was 04:01PM 19 this new roll out of centralizing, correct? 04:01PM 20 A. Yes. 04:01PM 21 MR. WILLIS: Objection to the form of the 04:01PM 22 question. 04:01PM 23 BY MR. FINDLEY: 04:01PM 24 Q. As far as whether or not any of that existed 04:01PM
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1 A. Right there. 03:59PM 2 Q. This one (indicating)? 03:59PM 3 A. Yes. 03:59PM 4 Q. So moving forward when I say Kapstone Bates 03:59PM 5 labeled 0001, we know we are talking about this 03:59PM 6 (indicating)? 03:59PM 7 A. Yes. 03:59PM 8 Q. Okay. And I will leave it here. 03:59PM 9 MR. FINDLEY: Well, I will go ahead and mark it 03:59PM 10 15. 03:59PM 11 (Plaintiff's Deposition Exhibit No. 03:59PM 12 15 was marked for identification.) 03:59PM 13 BY MR. FINDLEY: 03:59PM 14 Q. That's the document we have been talking 03:59PM 15 about when we refer to Kapstone Bates labeled 0001 and 03:59PM 16 sometimes you refer to it as the other chart as well? 04:00PM 17 A. Yes. 04:00PM 18 Q. Okay. Just making sure we are on the same so 04:00PM 19 we know what we are talking about later. So 04:00PM 20 organizational chart would be Exhibit B to your 04:00PM 21 affidavit and Exhibit 15, correct? 04:00PM 22 A. Yes. 04:00PM 23 Q. Okay. Now, that's what you use to -- that's 04:00PM 24 what your understanding of where paragraph nine comes 04:00PM	1 before or how that was structured before that date. 04:01PM 2 that's not something you know about, fair? 04:01PM 3 MR. WILLIS: Objection to the form of the 04:01PM 4 question. 04:01PM 5 A. No, this is always current on the Internet. 04:01PM 6 Q. Okay. And I am just saying the only copy I 04:01PM 7 have one post dates this incident? 04:01PM 8 A. Okay. 04:01PM 9 Q. Okay. Did you look at a different one other 04:01PM 10 than that one? 04:01PM 11 A. I have looked at many over the years. 04:01PM 12 Q. Okay. Fair. The one you looked at in 04:01PM 13 preparation for your deposition testimony here today is 04:01PM 14 Exhibit 15? 04:01PM 15 A. Yes. 04:01PM 16 Q. The one you looked at in preparation for the 04:01PM 17 affidavit that you signed is Exhibit 15? 04:02PM 18 A. Yes. 04:02PM 19 MR. WILLIS: Objection to the form of the 04:02PM 20 question. 04:02PM 21 BY MR. FINDLEY: 04:02PM 22 Q. All right, the same with, well, exhibit 04:02PM 23 number, or excuse me, not exhibit, paragraph number 11, 04:02PM 24 there is a statement here that says, "Kapstone Paper, 04:02PM

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1 KapStone Kraft, and Kapstone Charleston are each 04:02PM 2 headquartered at the same location." Did you do 04:02PM 3 anything to verify that? 04:02PM 4 A. The address on the W2s and it's referenced in 04:02PM 5 the 10K. 04:02PM 6 Q. Okay. 04:02PM 7 A. Did I verify it before the affidavit, no. 04:02PM 8 Q. Okay. And what I am saying is besides when 04:02PM 9 you signed this affidavit did you take any steps on your 04:02PM 10 own to go look at documents to verify the veracity of 04:02PM 11 paragraph 11? 04:03PM 12 A. No. 04:03PM 13 Q. Okay. What you are saying is after the fact 04:03PM 14 as we sit here today if someone were to ask you what 04:03PM 15 supports that, you would say the address on the W2 as 04:03PM 16 well as, what was the other one? 04:03PM 17 A. It's in the 10K as the executive office, yes. 04:03PM 18 Q. And as far as when it says "each are 04:03PM 19 headquartered," when you signed this affidavit, what 04:03PM 20 definition were you using for headquartered? 04:03PM 21 A. We speak of Northbrook as our corporate 04:03PM 22 headquarters. So personal knowledge, I guess. 04:03PM 23 Q. Okay. And that's what I am trying to figure 04:03PM 24 out. When you say headquartered, headquartered can mean 04:03PM	1 they are talking about Kapstone Paper and Packaging 04:04PM 2 Corporation, correct? 04:04PM 3 A. We are talking about Northbrook. 04:04PM 4 Q. Okay. Well, you don't work for Northbrook, 04:05PM 5 you work for KapStone Paper and Packaging Corporation? 04:05PM 6 A. Yes. 04:05PM 7 Q. Okay. And what I am trying to figure out is 04:05PM 8 what information do you have that says that the Kapstone 04:05PM 9 Charleston Kraft LLC is actually headquartered in 04:05PM 10 Northbrook? I mean we already established way earlier 04:05PM 11 that there are no Kapstone Charleston Kraft LLC 04:05PM 12 employees in Chicago. Do you remember that? 04:05PM 13 MR. WILLIS: Objection to the form of the 04:05PM 14 question. 04:05PM 15 A. Yes. 04:05PM 16 Q. Okay. And there is not a single employee 04:05PM 17 that works for Kapstone Charleston Kraft LLC that's 04:05PM 18 making decisions related to that entity here in Chicago. 04:05PM 19 fair? 04:05PM 20 MR. WILLIS: Objection to form. 04:05PM 21 A. I don't know. 04:05PM 22 Q. Okay. Well, none that you are aware of, 04:05PM 23 right? If I were to say to you, Mrs. Hulseman, name me 04:05PM 24 a Kapstone Charleston Kraft LLC employee that is located 04:06PM
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1 different things to different people and it can have 04:03PM 2 different legal definitions, okay. And what I am trying 04:03PM 3 to figure out is what you based yours on is when you say 04:03PM 4 headquartered at the Northbrook, Illinois address, why 04:04PM 5 would you say that? 04:04PM 6 A. That's how we speak of it, the corporate 04:04PM 7 office, the headquarters. 04:04PM 8 Q. Who, who speaks that way? 04:04PM 9 A. Kapstone employees. 04:04PM 10 Q. Do the Kapstone Charleston Kraft LLC 04:04PM 11 employees like my guys speak that way? 04:04PM 12 MR. WILLIS: Objection to the form of the 04:04PM 13 question. 04:04PM 14 BY MR. FINDLEY: 04:04PM 15 Q. Or do you know? 04:04PM 16 A. People I know in remote locations consider us 04:04PM 17 corporate. 04:04PM 18 Q. Okay, and I understand that you are 04:04PM 19 considered corporate. Okay. So you are saying -- when 04:04PM 20 we talk about corporate, if you were to describe your 04:04PM 21 employment, okay, you would say I work for corporate, 04:04PM 22 would you agree? 04:04PM 23 A. Yes. 04:04PM 24 Q. Okay. And when people refer to corporate 04:04PM	1 in Chicago that is doing business on behalf of the plant 04:06PM 2 in Charleston, can you name me one? 04:06PM 3 MR. DUCAYET: Are you making a distinction between 04:06PM 4 officers and employees? 04:06PM 5 MR. FINDLEY: I'm sorry, are you packaging 04:06PM 6 corporation go an objection. 04:06PM 7 MR. DUCAYET: I am asking a clarifying question. 04:06PM 8 MR. FINDLEY: Okay, and I am not responding to 04:06PM 9 you. This is the fifth time you have spoken in the 04:06PM 10 deposition. 04:06PM 11 Q. Ma'am, did you understand my question before 04:06PM 12 I was interrupted by this gentleman who is sitting in 04:06PM 13 here? 04:06PM 14 A. Can you say it again, please? 04:06PM 15 Q. Sure. And if you don't understand, feel free 04:06PM 16 to let me know, okay. What I am asking you is can you 04:06PM 17 name for me a single Kapstone Charleston Kraft LLC 04:06PM 18 employee who is stationed here in Chicago at Northbrook 04:06PM 19 making decisions on behalf of the plant? 04:06PM 20 MR. WILLIS: Objection to form. 04:06PM 21 A. I would like to confirm and again based on 04:06PM 22 location numbers in our system, I -- 04:07PM 23 Q. And that's fair. You can go confirm. All I 04:07PM 24 am asking you is, is can you name me one as we sit here 04:07PM

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1 today? 04:07PM 2 A. I cannot. 04:07PM 3 Q. Okay. Can you name me one KapStone Kraft 04:07PM 4 Paper Corporation employee who is located here in 04:07PM 5 Chicago that reports at the Northbrook office? 04:07PM 6 A. Yes. 04:07PM 7 Q. Who? 04:07PM 8 A. Randy Nebel. N-e-b-e-l. 04:07PM 9 Q. And Randy Nebel, what does he do? 04:07PM 10 A. He is the EVP of Integrated Packaging. 04:07PM 11 Q. He is the EVP of Integrated Packaging as of 04:08PM 12 January 1, 2017? 04:08PM 13 A. Yes. 04:08PM 14 Q. All right. So can you name me anyone besides 04:08PM 15 him? 04:08PM 16 A. Yes. 04:08PM 17 Q. Who? 04:08PM 18 A. Tony Myers. I would like to refer to that 04:08PM 19 list of mill headquarter people who were similar to the 04:08PM 20 Charleston location, but — 04:08PM 21 Q. Okay. 04:08PM 22 A. — but there are more than those two. 04:08PM 23 Q. Okay. Do you know if Randy Nebel or the 04:08PM 24 other gentleman you mentioned make any decisions here in 04:08PM	1 MR. WILLIS: Objection to form. 04:09PM 2 BY MR. FINDLEY: 04:09PM 3 Q. Correct? 04:09PM 4 A. Yes. 04:09PM 5 Q. Okay. So as far as having any information 04:09PM 6 related to anyone who was employed by Kapstone 04:09PM 7 Charleston Kraft Paper Corporation who were located in 04:09PM 8 Chicago making decisions regarding the North Charleston 04:09PM 9 plant, other than the meeting you talked about that 04:10PM 10 first started occurring in 2017, you don't have any 04:10PM 11 information relating to that, fair? 04:10PM 12 MR. WILLIS: Objection to the form of the 04:10PM 13 question. 04:10PM 14 A. Yes. 04:10PM 15 Q. Now, do the Secretary of State filings for 04:10PM 16 Kapstone Charleston Kraft LLC say that it is 04:10PM 17 headquartered in Chicago? 04:10PM 18 MR. WILLIS: Objection to the form of the 04:10PM 19 question. 04:10PM 20 A. I don't know. 04:10PM 21 BY MR. FINDLEY: 04:10PM 22 Q. Okay. Do any of the filings with the 04:10PM 23 Secretary of State, whether they be in Delaware or 04:10PM 24 Chicago or any location in the United States say that 04:10PM
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1 Chicago related to the operations of the plant? Is that 04:08PM 2 something you are involved in and when I say plant I am 04:08PM 3 talking about Charleston? 04:08PM 4 A. Charleston. 04:08PM 5 Q. Do you know that one way or the other? 04:08PM 6 A. Manufacturing ultimately reports to him, so I 04:08PM 7 believe, yes. 04:08PM 8 Q. Okay. An objection, nonresponsive. 04:08PM 9 And, Ma'am, I am not trying to be rude. 04:09PM 10 I don't want you to speculate. I want to know what you 04:09PM 11 know, okay. And so what I understand is, what I am 04:09PM 12 trying to figure out is do you know one way or the other 04:09PM 13 what those two gentlemen you mentioned who work for 04:09PM 14 KapStone Kraft Paper Corporation who are located in 04:09PM 15 Chicago, if they make decisions related to the 04:09PM 16 operations of the plant in North Charleston? Do you 04:09PM 17 know that information or do you not know? 04:09PM 18 A. Based on the leadership meetings, yes, he 04:09PM 19 sets strategic direction. 04:09PM 20 Q. Okay. Based on the leadership meetings that 04:09PM 21 you are a part of? 04:09PM 22 A. Yes. 04:09PM 23 Q. The leadership meetings that did not start 04:09PM 24 until 2017? 04:09PM	1 Kapstone Charleston Kraft LLC is headquartered in 04:10PM 2 Northbrook, Illinois, do you know? 04:10PM 3 A. I don't. 04:10PM 4 Q. Okay. The same question for KapStone Kraft 04:10PM 5 Paper Corporation, are you aware that any of their 04:10PM 6 filings say or any legal documents for that matter say 04:11PM 7 that they are headquartered in Northbrook Chicago? 04:11PM 8 A. I don't know. 04:11PM 9 Q. All right. Exhibit or excuse me, paragraph 04:11PM 10 number 12. This paragraph that was written says, 04:11PM 11 "KapStone Kraft and Kapstone Charleston share five 04:11PM 12 officers all of whom are officers of Kapstone Paper. 04:11PM 13 The five officers consist of executive, chairman, CEO, 04:11PM 14 president, vice president, treasurer, chief financial 04:11PM 15 officer and secretary." Do you see that? 04:11PM 16 A. Yes. 04:11PM 17 Q. Okay. Well, first of all, we know you didn't 04:11PM 18 write that, right? 04:11PM 19 MR. WILLIS: Objection, asked and answered. 04:11PM 20 BY MR. FINDLEY: 04:11PM 21 Q. Just to confirm you didn't write that or 04:11PM 22 generate that sentence, correct? 04:11PM 23 A. Correct. 04:12PM 24 Q. You didn't go out and get information to 04:12PM

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1 verify the accuracy of that sentence, correct? 04:12PM 2 MR. WILLIS: Objection to the form. 04:12PM 3 A. Aside from Exhibit B? 04:12PM 4 Q. Okay, and we are going to get to that. So if 04:12PM 5 you could, just read the entire paragraph and then we 04:12PM 6 will go to B. And the only question I have for you when 04:12PM 7 you read the paragraph is other than Exhibit B, did you 04:12PM 8 go out to verify any of the information contained that 04:12PM 9 was already written for you in paragraph 12? 04:12PM 10 MR. WILLIS: Objection to form. 04:12PM 11 A. I have personal knowledge. 04:12PM 12 Q. Okay. 04:12PM 13 A. I report to the VP, treasurer, and chief 04:12PM 14 financial officer. I work closely with the secretary. 04:12PM 15 Q. Okay. 04:12PM 16 A. All right, do we want to start reading? 04:12PM 17 Q. I want you to read all of 12? 04:12PM 18 A. Read the whole thing, okay. Kapstone Kraft 04:13PM 19 and Kapstone Charleston -- 04:13PM 20 Q. You don't have to read it out loud. I was 04:13PM 21 just giving you an opportunity to read. I wanted to be 04:13PM 22 fair to you and let you read the whole thing before 04:13PM 23 asking you questions. 04:13PM 24 MR. WILLIS: Could we go off the record for a 04:13PM	1 THE VIDEOGRAPHER: All right, back on record at 04:18PM 2 4:18 p.m. 04:18PM 3 BY MR. FINDLEY: 04:18PM 4 Q. Okay. Backing up for a second. Kapstone 04:18PM 5 Charleston Kraft LLC, that's a limited liability 04:18PM 6 company, correct? 04:18PM 7 A. Yes. 04:18PM 8 Q. Okay. As far as a limited liability company. 04:18PM 9 as far as the documents showed of where they own 04:19PM 10 property, it would be limited to the North Charleston 04:19PM 11 mill, correct, as locations they own? 04:19PM 12 A. Again I would like to confirm Somerville, but 04:19PM 13 yes. 04:19PM 14 Q. Okay. As far as documents I have shown you 04:19PM 15 so far today or documents you have seen in the binder 04:19PM 16 number 12, the property owned by Kapstone Charleston 04:19PM 17 Kraft LLC would be the actual mill location in 04:19PM 18 Charleston, correct? 04:19PM 19 A. Yes. 04:19PM 20 Q. Okay. Now, the Kapstone Charleston Kraft 04:19PM 21 LLC, why would a limited liability company have a 04:19PM 22 corporate headquarters, do you know? 04:19PM 23 A. I don't. 04:19PM 24 Q. So as far as whether a limited liability 04:19PM
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1 second? Is there a question for you? 2: 04:13PM 2 MR. FINDLEY: Yes, but can I just get an answer to 04:13PM 3 this pending question, please. 04:13PM 4 MR. DUCAYET: There is no pending question. 04:13PM 5 What's the pending question? 04:13PM 6 BY MR. FINDLEY: 04:13PM 7 Q. I said read paragraph 12 and tell me if you 04:13PM 8 have any other documents or information to verify that 04:13PM 9 information other than Exhibit B? 04:13PM 10 MR. WILLIS: Objection asked and answered. Go 04:13PM 11 ahead. 04:13PM 12 A. And personal knowledge. 04:13PM 13 Q. Okay. So Exhibit B and what you say was 04:13PM 14 personal knowledge from working with the individuals you 04:14PM 15 mentioned a second ago? 04:14PM 16 A. Yes. 04:14PM 17 Q. Okay. And we will come back to that. 04:14PM 18 MR. WILLIS: Kyle, I just want 30 seconds of your 04:14PM 19 time. 04:14PM 20 MR. FINDLEY: Dick, you want to take a five-minute 04:14PM 21 break and go to the restroom or anything? Let's go and 04:14PM 22 do that now. 04:14PM 23 THE VIDEOGRAPHER: Off the record at 4:14 p.m. 04:14PM 24 (Off the record.) 04:14PM	1 company is even allowed to have corporate headquarters 04:20PM 2 or does, in fact, have a corporate headquarters, is it 04:20PM 3 fair to say that you don't know one way or the another? 04:20PM 4 A. Yes. 04:20PM 5 Q. All right, so going back to what we were 04:20PM 6 talking about before the break, exhibit -- paragraph 04:20PM 7 number 12, the officers of each entity you are talking 04:20PM 8 about Exhibit B, I assume? 04:20PM 9 A. Yes. 04:20PM 10 Q. Okay. And Exhibit B would be the officers of 04:20PM 11 January 1, 2017, correct? 04:20PM 12 A. Yes. 04:20PM 13 Q. Okay. As far as where they are located and 04:20PM 14 what business operations they perform for each entity 04:20PM 15 prior to January 1, 2017, you don't know, fair? 04:20PM 16 A. Can you say the question again. 04:21PM 17 Q. Sure. My understanding of what you are 04:21PM 18 saying or what was said for you in paragraph number 12 04:21PM 19 dealt with various positions and various positions and 04:21PM 20 identifies people located in Exhibit B in relation to 04:21PM 21 Kapstone Paper Packaging Corporation, Kapstone Kraft 04:21PM 22 Paper Corporation, and KapStone Charleston Kraft LLC? 04:21PM 23 MR. WILLIS: Objection to the form. 04:21PM 24 MR. FINDLEY: Correct? Is that what paragraph 12 04:21PM

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1	is talking about? 04:21PM	1	this affidavit was signed, you weren't considering that 04:23PM
2	A. Yes. 04:21PM	2	information that's out there, fair? 04:23PM
3	Q. And that identity of those people are listed 04:21PM	3	MR. WILLIS: Objection to the form. 04:23PM
4	in Exhibit B? 04:21PM	4	BY MR. FINDLEY: 04:23PM
5	A. Yes. 04:21PM	5	Q. Prior you were considering Exhibit B? 04:23PM
6	Q. Okay. As far as the identity of those people 04:21PM	6	A. I have worked with these people prior to 04:24PM
7	we already established you didn't know who they were 04:21PM	7	2017. The titles may have changed, but the players did 04:24PM
8	prior to January of 2017, fair? 04:21PM	8	not. 04:24PM
9	MR. WILLIS: Objection to the form of the 04:21PM	9	Q. Okay. And I understand as individuals or 04:24PM
10	question. 04:21PM	10	humans you might have worked with them before. As far 04:24PM
11	A. No. 04:21PM	11	as their roles, responsibilities and duties prior to 04:24PM
12	Q. You do or don't? 04:21PM	12	January 1, 2017, wasn't something you considered when 04:24PM
13	A. I do. 04:21PM	13	signing this affidavit? 04:24PM
14	Q. Okay. Who are they? 04:21PM	14	MR. WILLIS: Objection to form. 04:24PM
15	A. Roger, Matt, Andrea, and Kathy. 04:22PM	15	BY MR. FINDLEY: 04:24PM
16	Q. Roger, Matt, Andrea and who? 04:22PM	16	Q. Because I thought my understanding what you 04:24PM
17	A. Kathy. Katherine. 04:22PM	17	were testifying to was related to the leadership one 04:24PM
18	Q. Roger, Matt. I assume that means Matthew 04:22PM	18	meeting in 2017 and the identity and their roles related 04:24PM
19	Kaplan? 04:22PM	19	to operations on this document which is Exhibit B? 04:24PM
20	A. Yes. So on the two entities in question, 04:22PM	20	MR. WILLIS: Objection to form. 04:24PM
21	right, Kapstone Kraft, Kapstone Charleston, four out of 04:22PM	21	A. I report to Andrea. 04:24PM
22	the five have been in Northbrook. 04:22PM	22	Q. Okay. So you report to Andrea who is the 04:24PM
23	Q. Okay. So let's go through them again. 04:22PM	23	CFO? 04:24PM
24	Roger, Matthew, Andrea and who? 04:22PM	24	A. Yes. 04:24PM

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1	A. Katherine Ingram. 04:22PM	1	Q. Okay. 04:24PM
2	Q. Katherine Ingram? 04:22PM	2	A. And I work closely with Kathy who is the 04:24PM
3	A. Yes. The second page has Kapstone Kraft and 04:22PM	3	general counsel. 04:24PM
4	Kapstone Charleston. 04:22PM	4	Q. Okay, Kathy, general counsel, I see her. 04:24PM
5	Q. All right. So let's start with Kapstone 04:22PM	5	Okay. I guess there is no general counsel for KapStone 04:24PM
6	Paper and Packaging Corporation. For this list the 04:22PM	6	Kraft Paper Corporation? 04:25PM
7	directors are Roger and Matthew, correct, that you say 04:22PM	7	A. She is the secretary. 04:25PM
8	existed prior to January 1, 2017? 04:22PM	8	Q. Okay. but I don't see general counsel listed, 04:25PM
9	A. I would have to check the document, but more 04:23PM	9	right? They don't share a legal team? According to the 04:25PM
10	than that existed prior to 2017. 04:23PM	10	document KapStone Kraft Paper Corporation does not have 04:25PM
11	Q. Okay. As far as, I guess, here is what I am 04:23PM	11	a general counsel listed underneath its officers that 04:25PM
12	trying to figure out. In paragraph number 12 you list 04:23PM	12	you are aware of, correct? 04:25PM
13	KapStone Kraft has two directors who were both directors 04:23PM	13	MR. WILLIS: Objection to the form of the 04:25PM
14	of Kapstone Paper, right? 04:23PM	14	question. 04:25PM
15	A. Yes. 04:23PM	15	A. Correct. 04:25PM
16	Q. Okay. As far as whether or not KapStone 04:23PM	16	BY MR. FINDLEY: 04:25PM
17	Kraft had two directors who were both directors of 04:23PM	17	Q. Kapstone Charleston Kraft LLC does not have a 04:25PM
18	Kapstone Paper prior to January 1 of 2017, do you know 04:23PM	18	general counsel listed underneath their officers, 04:25PM
19	that? 04:23PM	19	correct? 04:25PM
20	A. I can't speak to the detail now, but I could 04:23PM	20	A. Correct. 04:25PM
21	get it. 04:23PM	21	Q. Okay. As far as what these individuals, what 04:25PM
22	Q. Okay, and that's all I want to know is I know 04:23PM	22	senior level management duties they do regarding the 04:25PM
23	it probably exists out there somewhere and I am going to 04:23PM	23	business operations of Charleston Kraft LLC, North 04:25PM
24	come get it eventually, but as far as at the time that 04:23PM	24	Charleston mill, as far as what they do, what decisions 04:25PM

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1 they make related to that, is that something you were 04:25PM 2 privy to? 04:25PM 3 A. It depends on the situation. 04:25PM 4 Q. Okay. Give me an example of a situation that 04:26PM 5 you would be privy to. Would it always involve what we 04:26PM 6 talked about earlier, accounts receivable, accounts 04:26PM 7 payable type of information? 04:26PM 8 A. Yes. M and A activity as well. 04:26PM 9 Q. What was that? 04:26PM 10 A. M and A, mergers and acquisitions. 04:26PM 11 Q. Mergers and acquisitions activity. Okay, but 04:26PM 12 when we are talking about mergers and acquisitions 04:26PM 13 activity, you are talking about M and A for other -- 04:26PM 14 A. Yes. 04:26PM 15 Q. -- companies? 04:26PM 16 A. Yes. 04:26PM 17 Q. Okay. Like when KapStone Paper and Packaging 04:26PM 18 Corporation, your employer, goes out and purchases some 04:26PM 19 other asset, you might be involved in that? 04:26PM 20 A. Yes. 04:26PM 21 Q. Okay, what I am talking about is decisions 04:26PM 22 related to Kapstone Charleston Kraft LLC plant 04:26PM 23 operations, as far as being privy to that information, 04:26PM 24 you are not, fair? 04:26PM	1 you, where did you figure out that a LLC, limited 04:28PM 2 liability company, does not have directors? 04:28PM 3 A. Exhibit B. 04:28PM 4 Q. Okay. Exhibit B, a document that you were 04:28PM 5 shown that did not have any directors listed? 04:28PM 6 A. In reference to a sole member, yes. 04:28PM 7 Q. And the reason I ask that is it says Kapstone 04:28PM 8 Charleston does not have any directors because it is a 04:28PM 9 limited liability company. What about a limited 04:28PM 10 liability company makes it do not have any directors, do 04:28PM 11 you know? 04:28PM 12 MR. WILLIS: Objection to form. 04:28PM 13 A. It's not a corporation is my understanding. 04:28PM 14 Q. Okay. And where did you develop that 04:28PM 15 understanding? 04:28PM 16 A. Personal knowledge. 04:28PM 17 Q. Personal knowledge based on what? 04:28PM 18 A. The corporations have a board of directors. 04:28PM 19 Q. Okay. And you learned that from your role 04:28PM 20 that corporations have board of directors, LLCs do not? 04:28PM 21 Can an LLC have a board of directors if it wants one, do 04:29PM 22 you know? 04:29PM 23 A. I don't know. 04:29PM 24 Q. And that is all I am trying to figure out. 04:29PM
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1 A. Fair. 04:26PM 2 Q. Okay. And as far as those officers and 04:26PM 3 directors' roles and responsibilities related to the 04:26PM 4 business operations at the North Charleston mill, you 04:26PM 5 are not privy to that either, fair? 04:27PM 6 MR. WILLIS: Objection to form. 04:27PM 7 A. Can you say it again. 04:27PM 8 BY MR. FINDLEY: 04:27PM 9 Q. Sure. As far as the officers and directors 04:27PM 10 that we talked about, as far as their roles and 04:27PM 11 responsibilities and their decisions related to business 04:27PM 12 operations of Kapstone Charleston Kraft LLC, unless it 04:27PM 13 deals with accounts payable or receivable that we talked 04:27PM 14 about earlier, your roles, you wouldn't be privy to the 04:27PM 15 information, is that fair? 04:27PM 16 MR. WILLIS: Objection the form. 04:27PM 17 A. And aside from the leadership team, yes. 04:27PM 18 Q. The Leadership One Team that you started to 04:27PM 19 become a part of and that first existed in January of 04:27PM 20 2017? 04:27PM 21 A. Yes. 04:27PM 22 Q. Okay, Kapstone Charleston does not have any 04:27PM 23 directors because it is a limited liability company and 04:27PM 24 instead has a sole managing member, okay. Where did 04:27PM	1 As far as whether or not LLCs are allowed to have a 04:29PM 2 board of directors, whether they can or can't, that's 04:29PM 3 not something you know, right? 04:29PM 4 MR. WILLIS: Objection to form. 04:29PM 5 A. Right. 04:29PM 6 BY MR. FINDLEY: 04:29PM 7 Q. Okay. So that is someone else's conclusory 04:29PM 8 statement that Kapstone Charleston does not have a board 04:29PM 9 of directors because it's a limited liability company. 04:29PM 10 The reasons behind that is not something you discovered, 04:29PM 11 fair? 04:29PM 12 MR. WILLIS: Objection to form. 04:29PM 13 A. Yes. 04:29PM 14 Q. And it says instead has a sole managing 04:29PM 15 member which is KapStone Kraft, okay. What you are 04:29PM 16 basing that off of, its sole managing member is this 04:29PM 17 Exhibit C, organizational chart that we looked at at the 04:29PM 18 beginning of this deposition attached to your affidavit, 04:29PM 19 correct? 04:30PM 20 A. Actually Exhibit B makes reference to it. 04:30PM 21 Q. Okay. 04:30PM 22 MR. WILLIS: Objection to form. 04:30PM 23 BY MR. FINDLEY: 04:30PM 24 Q. Okay. So Exhibit B, sole member KapStone 04:30PM

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1 Kraft Paper Corporation managed by members, okay. 04:30PM 2 That's the document that made reference to that? 04:30PM 3 A. Yes. 04:30PM 4 Q. Okay. As far as any other legal filings made 04:30PM 5 with any Secretary of State or SEC whether it has more 04:30PM 6 members or board of directors or any of that, is that 04:30PM 7 something you ever went and verified? 04:30PM 8 A. No. 04:30PM 9 Q. So really what's going on here is someone 04:30PM 10 else is sending you information. And would it be fair 04:30PM 11 to say that because they came from your legal team you 04:30PM 12 thought it to be reliable? 04:30PM 13 A. Yes. 04:30PM 14 Q. Okay. And you didn't do any of your own 04:30PM 15 personal verification or your own input in it, you 04:30PM 16 simply received it from your legal team at KapStone 04:30PM 17 Paper and Packaging Corporation and assumed what was 04:31PM 18 contained in there was accurate without doing any 04:31PM 19 verification on your own, fair? 04:31PM 20 A. We discussed what went into the affidavit 04:31PM 21 before. That particular question, no. 04:31PM 22 Q. Okay. Well, we are going through here and 04:31PM 23 the only things, the only documents that I know of that 04:31PM 24 you are using to support any of these paragraphs would 04:31PM	1 Q. Okay. And so when it says Kapstone 04:32PM 2 Charleston LLC does not have the authority to sell or 04:32PM 3 dissolve itself, where did you -- do you even know that 04:32PM 4 to be accurate? 04:32PM 5 MR. WILLIS: Objection to the form of the 04:32PM 6 question. 04:32PM 7 A. Based on personal knowledge. 04:32PM 8 Q. Okay, what personal knowledge? 04:32PM 9 A. Discussion, conversation. 04:32PM 10 Q. Okay. With lawyers or with who? 04:33PM 11 A. It was prior to this deposition based on the 04:33PM 12 org chart. I don't recall who exactly. 04:33PM 13 Q. Okay, and that's fair. What I want to know 04:33PM 14 is what you know. And I think as far as what you know 04:33PM 15 regarding whether or not they have the authority to sell 04:33PM 16 or dissolve itself, to be fair you don't know that to be 04:33PM 17 accurate or not, is that true? 04:33PM 18 MR. WILLIS: Object to the form of the question. 04:33PM 19 A. Yes. 04:33PM 20 BY MR. FINDLEY: 04:33PM 21 Q. Okay. In the sale or dissolution of Kapstone 04:33PM 22 Charleston would require the consent of KapStone Kraft 04:33PM 23 to take either action in Kapstone Paper, as the sole 04:33PM 24 shareholder of KapStone Kraft, possesses the right. but 04:33PM
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1 be the ones that came attached to the affidavit, right? 04:31PM 2 A. Both of which I have had access to for many 04:31PM 3 years. 04:31PM 4 Q. Many years. That document was created in 04:31PM 5 February of 20 -- let me finish, February 14, 2017 is 04:31PM 6 when Exhibit B was created, correct? 04:31PM 7 A. Correct. 04:31PM 8 Q. It would be impossible to have a document 04:31PM 9 titled Exhibit B for many years, fair? 04:31PM 10 MR. WILLIS: Objection to form. That's not what 04:31PM 11 she said. 04:31PM 12 A. An earlier version of this document I had 04:31PM 13 before. 04:31PM 14 Q. And as far as the earlier versions, you did 04:31PM 15 nothing to compare that to this one, fair? 04:32PM 16 A. Fair. 04:32PM 17 Q. You did nothing to compare the officers and 04:32PM 18 directors of any of the entities regarding any earlier 04:32PM 19 versions of Exhibit B, fair? 04:32PM 20 A. Fair. 04:32PM 21 Q. Okay. So let's go to paragraph 14. 04:32PM 22 "Kapstone Charleston does not have the authority to sell 04:32PM 23 or dissolve itself." According to who? 04:32PM 24 A. A board level decision. 04:32PM	1 not the obligation to direct Kapstone to do so. You 04:33PM 2 don't know that to be true either, fair? 04:33PM 3 MR. WILLIS: Objection to the form of the 04:33PM 4 question. 04:33PM 5 A. I did not validate, no. 04:33PM 6 Q. You did not validate and not only that, the 04:34PM 7 statement as it's written, I mean, look, I am an 04:34PM 8 attorney. I can tell an attorney wrote that. 04:34PM 9 MR. WILLIS: Objection to the form of the 04:34PM 10 question. 04:34PM 11 BY MR. FINDLEY: 04:34PM 12 Q. Do you even know what that sentence means? 04:34PM 13 A. Yes, that it needs board approval. 04:34PM 14 Q. Okay. And what I want to know about that is 04:34PM 15 do you even know that to be true? 04:34PM 16 MR. WILLIS: Objection, asked and answered. 04:34PM 17 A. That we need board approval to sell entities, 04:34PM 18 yes, based on personal knowledge. 04:34PM 19 BY MR. FINDLEY: 04:34PM 20 Q. No. Here is what I want to know, the sale or 04:34PM 21 dissolution of Kapstone Charleston would require the 04:34PM 22 consent of Kapstone Kraft to either take action, let's 04:34PM 23 start there, take what action? Do you even know what 04:34PM 24 that sentence is talking about? 04:34PM

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1	MR. WILLIS: Objection to the form. 04:34PM	1	Q. Sure, if you have one. Do you know the 04:37PM
2	A. Sell or dissolution. 04:34PM	2	number? 04:38PM
3	Q. Okay, to either take action in Kapstone Paper 04:34PM	3	MR. WILLIS: Uh-huh. Go to 373, 374, 375. 04:38PM
4	as the sole shareholder of KapStone Kraft, they possess 04:34PM	4	MR. FINDLEY: And, Dick, let's refrain from 04:38PM
5	the right, but not the obligation to direct KapStone 04:35PM	5	directing the witness. 04:38PM
6	Kraft to do so. Okay. Where did you see that they 04:35PM	6	MR. WILLIS: She just asked me if I had a number. 04:38PM
7	possess the right, but not the obligation to direct 04:35PM	7	MR. FINDLEY: Okay, but we have already talked 04:38PM
8	KapStone Kraft to do so? Let's be honest, your job has 04:35PM	8	about this several times, coaching the witness. 04:38PM
9	nothing to do with what's stated in that sentence, 04:35PM	9	MR. WILLIS: I am not coaching the witness. I am 04:38PM
10	correct? 04:35PM	10	helping her find a document. 04:38PM
11	MR. WILLIS: Objection to form. 04:35PM	11	MR. FINDLEY: I disagree with it. 04:38PM
12	A. Correct. 04:35PM	12	MR. DUCAYET: (Inaudible.) 04:38PM
13	Q. Okay, your job deals with, doesn't deal with 04:35PM	13	MR. FINDLEY: I'm sorry, what was that? 04:38PM
14	anything regarding the dissolution, sales, obligations 04:35PM	14	MR. WILLIS: Nothing, nothing, nothing. 04:38PM
15	or directions of any companies, that's not something you 04:35PM	15	MR. FINDLEY: I keep hearing objections from 04:38PM
16	do in your role, fair? 04:35PM	16	people who are not enrolled in this case and coaching 04:38PM
17	A. Fair. 04:35PM	17	the witness. 04:38PM
18	Q. And it refers to an organizational chart 04:35PM	18	MR. WILLIS: That was not an objection. 04:38PM
19	attached as Exhibit C. That's this one that looks like 04:35PM	19	MR. DUCAYET: That was not an objection, that was 04:38PM
20	it came from some sort of Power Point, right? 04:35PM	20	a side comment. Withdraw. 04:39PM
21	MR. WILLIS: Objection to the form. 04:36PM	21	BY MR. FINDLEY: 04:39PM
22	A. Yes. 04:36PM	22	Q. All right, so, number 20, paragraph 20, you 04:39PM
23	Q. The one that has defendants listed in it, 04:36PM	23	found the document, right, Ma'am? 04:39PM
24	correct? 04:36PM	24	A. Yes. I am reading. 04:39PM
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1	A. Yes. 04:36PM	1	Q. All right. 04:39PM
2	Q. And you'd agree with me that the 04:36PM	2	A. This document refers to 16, so. 04:39PM
3	organizational chart that was attached as Exhibit C 04:36PM	3	Q. So hold on, I want to stop on, oh, you think 04:39PM
4	appears to be based on what we know regarding this 04:36PM	4	it's a different document. Go ahead. Let me see if I 04:39PM
5	lawsuit made specifically for this lawsuit, correct? 04:36PM	5	can ask it to you better. You have the documents in 04:39PM
6	A. I believe so. 04:36PM	6	front of you. You are looking through documents that 04:39PM
7	Q. Prior to this lawsuit you had never seen a 04:36PM	7	you think are relating to that, fair? 04:39PM
8	document that said KapStone Paper and Packaging 04:36PM	8	A. Yes. 04:39PM
9	Corporation in this type of format with defendants 04:36PM	9	Q. Okay, so even with those documents can you 04:39PM
10	listed next to it, fair? 04:36PM	10	name me the identity of the 20 employees that you 04:40PM
11	A. Yes. 04:36PM	11	discovered at Kapstone Charleston that report directly 04:40PM
12	Q. All right, paragraph number 15, approximately 04:36PM	12	to managers at KapStone Kraft and Kapstone Paper? 04:40PM
13	20 of Kapstone Charleston report directly to managers at 04:36PM	13	A. I would like to follow-up. 04:40PM
14	KapStone Kraft or Kapstone Paper. Okay, first of all 04:36PM	14	Q. Okay. And that's fine, you can follow-up. 04:40PM
15	what 20 employees at Kapstone Charleston Kraft LLC 04:37PM	15	but what I am trying to figure out here as we sit here 04:40PM
16	report directly to managers at the other locations? 04:37PM	16	today, okay, as far as you at any point in time being 04:40PM
17	A. I explained that before, right, the mill 04:37PM	17	able to identify 20 employees by name, paragraph 15, 04:40PM
18	headquarter people that are located at Kapstone 04:37PM	18	approximately 20 employees of Kapstone Charleston report 04:40PM
19	Charleston. 04:37PM	19	directly to managers at KapStone Kraft or Kapstone Paper 04:40PM
20	Q. All right. And here is what I want to know, 04:37PM	20	and approximately five employees of KapStone Kraft 04:40PM
21	20 employees of Kapstone Charleston Kraft, LLC, that's 04:37PM	21	report to managers at Kapstone Paper. 04:40PM
22	what it says, paragraph 15, what are the names of those 04:37PM	22	Number one question to that is you can't 04:40PM
23	20 employees? 04:37PM	23	identify me a single person who that is referencing to. 04:40PM
24	A. May I refer to a list in here? 04:37PM	24	correct? 04:41PM

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1 A. I can identify four -- 04:41PM 2 Q. Okay. 04:41PM 3 A. -- that are employees of KapStone Kraft that 04:41PM 4 report to Kapstone Paper. 04:41PM 5 Q. Okay, what are they? 04:41PM 6 A. Their titles are the executive VP. 04:41PM 7 Q. No, I want their names? 04:41PM 8 MR. WILLIS: Let her finish her answer. 04:41PM 9 MR. FINDLEY: Okay, go ahead. 04:41PM 10 A. The executive VP of Integrative Packaging, 04:41PM 11 safety manager, fixed assets manager, and mill systems 04:41PM 12 controller. 04:41PM 13 Q. Okay. 04:41PM 14 A. So the executive VP is Randy Nebel. The mill 04:41PM 15 systems controller is Chelsea Ray. 04:41PM 16 Q. Okay. 04:41PM 17 A. And I would be guessing at the other two, but 04:41PM 18 I can get the information. 04:41PM 19 Q. Okay, and you are looking at page what, Bates 04:41PM 20 label? 04:41PM 21 A. 364. 04:41PM 22 Q. 364, is that right? 04:41PM 23 A. Yes. 04:41PM 24 Q. Now, as far as you having conversations. 04:41PM	1 A. Fair. 04:43PM 2 Q. Okay. And as far as speaking to any Kapstone 04:43PM 3 Charleston Kraft LLC's employees regarding who they 04:43PM 4 report to, you didn't do that, fair? That's not even 04:43PM 5 something you do with your job? 04:43PM 6 A. Correct. 04:43PM 7 MR. WILLIS: Objection to form. 04:43PM 8 BY MR. FINDLEY: 04:43PM 9 Q. That's something that you don't have any day 04:43PM 10 to day dealings with is Kapstone Charleston Kraft LLC 04:43PM 11 employees and who they report to and at what locations. 04:43PM 12 that's not something you deal with on a day-to-day 04:43PM 13 basis, fair? 04:44PM 14 A. I am aware of all employees related to 04:44PM 15 payroll. 04:44PM 16 Q. Okay. I think we are saying the same thing. 04:44PM 17 What I am saying is as far as who Kapstone Charleston 04:44PM 18 Kraft LLC employees report to, okay, who they report to 04:44PM 19 is not something you deal with at all, fair? 04:44PM 20 A. Deal with, no. 04:44PM 21 Q. Well, it's not something you see on a 04:44PM 22 day-to-day basis, you are exposed to on a day-to-day 04:44PM 23 basis, it has nothing to do with your job which is 04:44PM 24 limited to payroll, right? 04:44PM
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1 well, first of all 364 is completely blacked out? 04:41PM 2 MR. WILLIS: Objection to the form of the 04:42PM 3 question. 04:42PM 4 MR. FINDLEY: For the identity of their 04:42PM 5 individuals, correct? 04:42PM 6 A. Yes. 04:42PM 7 Q. As far as who that document has listed there 04:42PM 8 for the individuals that the affidavit purports to say 04:42PM 9 purports directly by managers, it doesn't identify them 04:42PM 10 by name, fair? 04:42PM 11 A. Yes. 04:42PM 12 Q. Okay, as far as whether you have seen that 04:42PM 13 document in preparation for your affidavit, you didn't 04:42PM 14 have that document at the time of your affidavit. 04:42PM 15 correct, signing it? 04:42PM 16 A. Right, but I have access to the information. 04:42PM 17 Q. Okay. And that's what I want to figure out. 04:42PM 18 Exhibit No. 16 (sic), did you go verify that statement 04:42PM 19 that was drafted and handed to you? 04:42PM 20 A. No. 04:42PM 21 Q. Okay. So as far as its veracity regarding 04:42PM 22 paragraph 15 as well as paragraph 16, we could agree 04:42PM 23 that you did not do any independent searching to figure 04:43PM 24 out whether or not those are accurate statements, fair? 04:43PM	1 MR. WILLIS: Objection to form. 04:44PM 2 A. Right. 04:44PM 3 Q. The same is true for 16, the paragraph 16 04:44PM 4 which an attorney wrote for you, KapStone Kraft employs 04:44PM 5 over 20 managers who work at or perform work at Kapstone 04:44PM 6 Charleston. What 20 managers it's talking about and how 04:44PM 7 often they work or what work they perform, you don't 04:44PM 8 have any dealings with that on a day-to-day basis, fair? 04:45PM 9 MR. WILLIS: Objection to form. 04:45PM 10 A. I have a list and there may be -- it's not on 04:45PM 11 a daily basis, no. 04:45PM 12 Q. And, Ma'am, what I am trying to figure out, I 04:45PM 13 understand you got a binder that was given to you on 04:45PM 14 March 2, 2018 and it has some documents in there. Those 04:45PM 15 documents have the identity of those employees blacked 04:45PM 16 out, fair? 04:45PM 17 A. Yes. 04:45PM 18 Q. Okay. And what I am trying to figure out is 04:45PM 19 September 20, 2017 when you were asked to sign this 04:46PM 20 affidavit, you didn't have any list of the employees, 04:46PM 21 correct? 04:46PM 22 A. Correct. 04:46PM 23 Q. Okay. And you didn't do anything to verify 04:46PM 24 whether or not the statements made in exhibit -- 04:46PM

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1 paragraph 15 or 16 were accurate or true, correct? You 04:46PM 2 relied on the lawyer who drafted it to be putting in 04:46PM 3 correct information, is that fair? 04:46PM 4 MR. WILLIS: Objection to the form of the 04:46PM 5 question. 04:46PM 6 A. Fair. 04:46PM 7 Q. And look, I understand you have a legal 04:46PM 8 department at KapStone Paper and Packaging Corporation. 04:46PM 9 fair? 04:46PM 10 A. Yes. 04:46PM 11 Q. And you have dealt with them as far as 04:46PM 12 working or in relation to this lawsuit, correct? 04:46PM 13 A. To prepare the affidavit, yes. 04:46PM 14 Q. Okay. And in the statements that were made 04:46PM 15 in here, you just assumed that they had done the proper 04:46PM 16 legal research or research to verify those paragraphs. 04:46PM 17 correct? 04:46PM 18 MR. WILLIS: Objection form. 04:46PM 19 A. For some, yes. 04:47PM 20 Q. Okay. Well, for every single one we have 04:47PM 21 gone through other than you stating otherwise so far, 04:47PM 22 correct? 04:47PM 23 A. Yes. 04:47PM 24 Q. And so for 16 the same would be true as far 04:47PM	1 Your role as a KapStone Paper and 04:48PM 2 Packaging Corporation manager did not deal with managing 04:48PM 3 anyone at the local plant in Charleston, fair? 04:48PM 4 A. Yes. 04:48PM 5 Q. Okay. And it also didn't deal with managing 04:48PM 6 any employees who were employees of Kapstone Charleston 04:48PM 7 Kraft LLC, fair, you don't manage any of those 04:48PM 8 employees? 04:48PM 9 A. I don't. 04:48PM 10 Q. Okay. 04:48PM 11 A. Actually, let me take that back. I do have a 04:48PM 12 time and attendance person in Charleston. 04:49PM 13 Q. Who is a Kapstone Charleston Kraft LLC 04:49PM 14 employee? 04:49PM 15 A. I would have to confirm, but maybe Kapstone 04:49PM 16 Paper. 04:49PM 17 Q. What's her name? 04:49PM 18 A. Suzanne Brown. 04:49PM 19 Q. Suzanne Brown and she is a timekeeper? 04:49PM 20 A. HR. Her title is time and attendance 04:49PM 21 analyst, but I believe her company would be Kapstone 04:49PM 22 Paper. I just would like to confirm. 04:49PM 23 Q. Okay, so you are not certain who she works 04:49PM 24 for whether it's -- 04:49PM
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1 as you having any independent knowledge or being able to 04:47PM 2 verify or speak to and provide sworn testimony with 04:47PM 3 regard to the work at or performed at Kapstone 04:47PM 4 Charleston LLC in relation to those 20 managers, you 04:47PM 5 can't do it, fair? 04:47PM 6 MR. WILLIS: Objection to form. 04:47PM 7 A. Details, no. 04:47PM 8 Q. The next thing if we go to paragraph 17, 04:47PM 9 Kapstone managers have hiring and firing authority over 04:47PM 10 all of their direct reports, okay. Have you ever worked 04:47PM 11 as a Kapstone manager? 04:47PM 12 A. Yes. 04:47PM 13 Q. Okay. Where? Or you are talking about 04:48PM 14 Kapstone Paper and Packaging Corporation? 04:48PM 15 A. Yes. 04:48PM 16 Q. And when you are talking about management, 04:48PM 17 your management had dealt with the accounts payable, 04:48PM 18 receivable, and credit collections? 04:48PM 19 A. Yes. 04:48PM 20 Q. Have you ever worked as part of a Kapstone 04:48PM 21 Packaging and Paper Corporation manager in relation to 04:48PM 22 employees at KapStone Charleston Kraft LLC? That was a 04:48PM 23 lot of words. Let me see if I can rephrase that for 04:48PM 24 you. 04:48PM	1 A. No, she works for me, but the company name I 04:49PM 2 would like to confirm. 04:49PM 3 Q. Fair enough. But as far as you sit here 04:49PM 4 today your understanding, best recollection is that she 04:49PM 5 works for KapStone Paper and Packaging Corporation? 04:49PM 6 A. I believe so, yes. 04:49PM 7 Q. Okay. Now as far as you ever having managed 04:49PM 8 anyone at KapStone Charleston Kraft LLC, as we sit here 04:49PM 9 today is it fair to say you have no recollection of ever 04:50PM 10 doing that? 04:50PM 11 A. Yes. 04:50PM 12 Q. Okay. As far as you ever having managed 04:50PM 13 anyone at KapStone Kraft Paper Corporation, as far as 04:50PM 14 having any recollection of that ever occurring as we sit 04:50PM 15 here today, you haven't down that as well, correct? 04:50PM 16 MR. WILLIS: Objection to form. 04:50PM 17 A. Correct. 04:50PM 18 Q. Okay. So as far as your day-to-day duties 04:50PM 19 don't deal with hiring, firing of anyone at Kapstone 04:50PM 20 Charleston Kraft LLC, fair? 04:50PM 21 A. Yes. 04:50PM 22 Q. Okay. As far as the details of who needs, 04:50PM 23 who actually does the hiring and firing at the North 04:50PM 24 Charleston plant, is it fair to say you have no personal 04:50PM

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1	knowledge regarding that? 04:50PM	1	trying to verify is you didn't change paragraph 18, 04:52PM
2	A. Yes, aside from managers, yes. 04:50PM	2	right, based on your memory or recollection? 04:52PM
3	Q. Okay, when you say managers, what do you 04:50PM	3	A. I don't recall, but this would be the area 04:52PM
4	mean? 04:50PM	4	that I would know about if one was missing. 04:52PM
5	A. As managers we are responsible for hiring and 04:50PM	5	Q. And that's fair. And all I am saying is you 04:52PM
6	firing, right. 04:50PM	6	didn't write, as far as you remember as we sit here 04:53PM
7	Q. Okay. And what you are saying your personal 04:50PM	7	today, paragraph 18 came to you in the same format as we 04:53PM
8	knowledge that you have regarding what managers are 04:51PM	8	see it today, correct? 04:53PM
9	allowed to do is based on your experience as a KapStone 04:51PM	9	A. I don't recall, but. 04:53PM
10	Paper and Packaging Corporation manager located here in 04:51PM	10	Q. Okay. Well, let's talk about it for a 04:53PM
11	North Bridge (sic) Illinois. fair? 04:51PM	11	second. Do you have any independent recollection about 04:53PM
12	A. Yes. 04:51PM	12	changing or modifying, adding words or writing anything 04:53PM
13	Q. You don't have any experience or any exposure 04:51PM	13	contained in paragraph 18? 04:53PM
14	as a Kapstone Paper and Packaging Corporation manager at 04:51PM	14	A. No. 04:53PM
15	any other location than this one in Chicago, fair? 04:51PM	15	Q. Okay. It came to you based on your best 04:53PM
16	A. Yes. 04:51PM	16	recollection from a legal department at Kapstone in the 04:53PM
17	Q. You have never hired or fired anyone at any 04:51PM	17	same format as we see it here, correct? 04:53PM
18	other location other than KapStone Paper and Packaging 04:51PM	18	A. Yes. 04:53PM
19	Corporation, fair? 04:51PM	19	Q. Okay. Now as far as strategic direction, 04:53PM
20	A. Yes. 04:51PM	20	Shared Services included integrated accounting, cash 04:53PM
21	Q. Okay. You have never hired or fired a 04:51PM	21	management, payroll management, employee benefit service 04:53PM
22	Kapstone Charleston Kraft LLC employee, true? 04:51PM	22	and insurance programs, this is all part of the Shared 04:53PM
23	A. True. 04:51PM	23	Services role that we talked about earlier? 04:53PM
24	Q. And as far as what goes into that or how it's 04:51PM	24	A. Yes. Well, accounting is not in my area, 04:53PM
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1	done or who does it, that's never something that you 04:51PM	1	accounting. I do accounts payable and accounts 04:53PM
2	personally have been involved in, fair? 04:51PM	2	receivable, but I have exposure to the accounting. 04:54PM
3	MR. WILLIS: Objection to form. 04:51PM	3	Q. Okay. So we are going to come back to that. 04:54PM
4	BY MR. FINDLEY: 04:51PM	4	But as far as what we talked about here, this is the 04:54PM
5	Q. Yes? 04:51PM	5	strategic direction you talked about that was 04:54PM
6	A. Yes. 04:51PM	6	implemented January 1, 2017? 04:54PM
7	Q. Okay. So let's go on to paragraph 18. 04:52PM	7	MR. WILLIS: Objection to the form of the 04:54PM
8	Kapstone Paper provides strategic direction and Shared 04:52PM	8	question. 04:54PM
9	Services including integrated accounting, cash 04:52PM	9	BY MR. FINDLEY: 04:54PM
10	management, payroll management, employee benefit 04:52PM	10	Q. As far as making things more centralized, is 04:54PM
11	services and insurance programs to KapStone Kraft and 04:52PM	11	that what this was dealing with? 04:54PM
12	Kapstone Charleston. Okay, do you see that paragraph? 04:52PM	12	A. No. 04:54PM
13	A. Yes. 04:52PM	13	Q. Okay, what was this dealing with? 04:54PM
14	Q. First of all, we already know you didn't 04:52PM	14	A. This was all centralized before. 04:54PM
15	write it, right? 04:52PM	15	Q. Okay. What was the strategic direction? 04:54PM
16	MR. WILLIS: Objection, asked and answered. 04:52PM	16	What does that even mean? 04:54PM
17	MR. FINDLEY: Okay. Well, I will speed that part 04:52PM	17	A. Again, in the leadership meeting or in the 04:54PM
18	up. We agree that you didn't write a single paragraph 04:52PM	18	rules in Northbrook they set the strategy. 04:54PM
19	in this affidavit. 04:52PM	19	Q. Okay, you are talking about the leadership 04:54PM
20	MR. WILLIS: Objection, asked and answered. 04:52PM	20	meeting that did not occur until 2017? 04:54PM
21	MR. FINDLEY: The reason why I am asking that is 04:52PM	21	MR. WILLIS: Objection to the form of the 04:54PM
22	he said asked and answered earlier during this 04:52PM	22	question. 04:54PM
23	deposition. I asked you and you said you couldn't 04:52PM	23	A. Prior to that people were in the roles that 04:54PM
24	remember what paragraphs you changed. And what I am 04:52PM	24	did the same. 04:54PM

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1 Q. Were you part of those meetings? 04:54PM 2 A. Prior to 2017, no. 04:54PM 3 Q. Okay, so prior to what they did in those 04:54PM 4 roles prior to 2017, you don't know, fair? 04:55PM 5 MR. WILLIS: Objection to form. 04:55PM 6 A. Fair. 04:55PM 7 Q. Okay. So when we are talking about strategic 04:55PM 8 direction, first of all, what is meant and what 04:55PM 9 strategic direction is supposed to encompass there, you 04:55PM 10 don't know because you didn't write the words, right? 04:55PM 11 MR. WILLIS: Objection to form. 04:55PM 12 A. The strategy comes from Northbrook, I know 04:55PM 13 that based on personal experience. 04:55PM 14 Q. Okay, and that's what I wanted to talk about. 04:55PM 15 You have no experience whatsoever regarding strategic 04:55PM 16 planning for any of the various entities that KapStone 04:55PM 17 Paper and Packaging Corporation is a parent company for? 04:55PM 18 Do you actually go to meetings at these mills and talk 04:55PM 19 about this stuff? 04:55PM 20 MR. WILLIS: Objection to form. 04:55PM 21 A. No. 04:55PM 22 Q. You don't to that, do you? 04:55PM 23 A. No. 04:55PM 24 Q. And as far as what you were talking about as 04:55PM	1 Q. Okay, where? 04:56PM 2 A. In Northbrook. 04:56PM 3 Q. That covers what? 04:56PM 4 A. The entire company. The corporate controller 04:56PM 5 is housed in Northbrook. 04:56PM 6 Q. Are you talking about your accounting 04:57PM 7 department that we were speaking about earlier? 04:57PM 8 A. No. 04:57PM 9 Q. A different one? 04:57PM 10 A. Right. 04:57PM 11 Q. Okay, what do they do? 04:57PM 12 A. The financials. 04:57PM 13 Q. What -- 04:57PM 14 A. They are responsible for preparing the 10K. 04:57PM 15 Q. Okay. And who would be responsible for that? 04:57PM 16 A. Mark Nichus is corporate controller. 04:57PM 17 Q. Nichus? 04:57PM 18 A. N-i-e-h-u-s. 04:57PM 19 Q. And what do they do as far as accounting? Do 04:57PM 20 they help collect everything from the various locations 04:57PM 21 and put it into one? I am confused by what you mean. 04:57PM 22 A. All locations are on the same accounting 04:57PM 23 system and they are responsible for the consolidation. 04:57PM 24 Q. Okay. So they are responsible for taking the 04:57PM
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1 far as leadership meetings is what you mentioned earlier 04:55PM 2 these meetings that you first became a part of in 2017, 04:55PM 3 correct? 04:56PM 4 A. Yes. 04:56PM 5 Q. As far as what occurred at any point in time 04:56PM 6 prior to that, you don't have any idea because you were 04:56PM 7 dealing with accounts payable, receivable, and credit 04:56PM 8 collections, fair? 04:56PM 9 A. Yes. 04:56PM 10 MR. WILLIS: Objection to form. 04:56PM 11 Q. You didn't deal with strategic direction or 04:56PM 12 integrated management at any of these other facilities 04:56PM 13 including Kapstone Charleston Kraft LLC, fair? 04:56PM 14 MR. WILLIS: Objection to form. 04:56PM 15 A. As it relates to the balance of those, yes. 04:56PM 16 Q. The balance, what do you mean? 04:56PM 17 A. Accounting, cash management, payroll 04:56PM 18 management, employee benefit services and insurance -- 04:56PM 19 Q. Okay. 04:56PM 20 A. -- are all managed by Kapstone Paper. 04:56PM 21 Q. Okay. So let's talk about it. You said 04:56PM 22 accounting you would be exposed to accounting, but not 04:56PM 23 involved in it. What did you mean by that? 04:56PM 24 A. We have an accounting department. 04:56PM	1 different -- well, let's back up for a second. 04:57PM 2 If I bought paper from the North 04:57PM 3 Charleston mill and I wrote a check to Kapstone 04:58PM 4 Charleston Kraft LLC, okay, that check has the ability 04:58PM 5 to be deposited in their bank account, true? 04:58PM 6 MR. WILLIS: Objection to the form of the 04:58PM 7 question. 04:58PM 8 A. It's deposited in Kapstone receivable account 04:58PM 9 related to the securitization. 04:58PM 10 Q. Okay. Well, my understanding is a little bit 04:58PM 11 different. So where did you get that information? 04:58PM 12 A. I worked on the initial securitization 04:58PM 13 agreement. 04:58PM 14 Q. Okay, the way I understand the way those 04:58PM 15 agreements work is I can transact business and put a 04:58PM 16 check with or money deposited with Kapstone Charleston 04:58PM 17 Kraft LLC and then what Kapstone Charleston Kraft LLC 04:58PM 18 can do is they can trade it to receivables for a 04:58PM 19 promissory note, is that your understanding? 04:58PM 20 MR. WILLIS: Objection to form. 04:58PM 21 BY MR. FINDLEY: 04:58PM 22 Q. Or do you know? 04:58PM 23 A. I am not comfortable speaking to the details 04:58PM 24 of the transaction and talking about how the money 04:59PM

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1 moves. 04:59PM 2 Q. Okay, and that's what I want to know about. 04:59PM 3 So is it fair to say that you are not comfortable or as 04:59PM 4 a corporate representative regarding the accounting 04:59PM 5 practices with Kapstone Charleston Kraft LLC how it 04:59PM 6 works, how it's transferred, at what points in time? 04:59PM 7 A. Accounting is not in my scope, but it's 04:59PM 8 essentially managed from a consolidation basis in 04:59PM 9 Northbrook. 04:59PM 10 Q. Okay. 04:59PM 11 MR. WILLIS: Can we take a short break? 04:59PM 12 MR. FINDLEY: Sure. I have one more question for 04:59PM 13 you before we take a break. 04:59PM 14 Q. Do you even know what the purpose is of 04:59PM 15 creating receivables LLC was for? 04:59PM 16 A. Yes. 04:59PM 17 Q. Okay, what was it? 04:59PM 18 A. It's a way to borrow against receivables. We 04:59PM 19 use it as a way to borrow against receivables. 04:59PM 20 Q. Borrow against receivables. And the way that 05:00PM 21 that would work is the entities themselves like Kapstone 05:00PM 22 Charles Kraft LLC could receive money and trade it to 05:00PM 23 receivables for a promissory note or do you know? 05:00PM 24 MR. WILLIS: Objection to form. 05:00PM	1 affidavit that was filed with a Motion to Dismiss. We 05:11PM 2 haven't been able to get through that topics yet. We 05:11PM 3 intend to stay until the deposition is over, day to day 05:11PM 4 until complete. And they got to choose their own 05:11PM 5 corporate representative and choose which topics and we 05:11PM 6 have a lot of topics to cover. So I understand what 05:11PM 7 Dick has said and he can do what he needs to, but our 05:11PM 8 position is the deposition continues. 05:11PM 9 MR. WILLIS: All right. Very good. 05:12PM 10 MR. FINDLEY: And we reserve all other rights that 05:12PM 11 we have. Go ahead. Are you ready? 05:12PM 12 MR. WILLIS: Yes. 05:12PM 13 Q. Ma'am, are you ready to continue? 05:12PM 14 A. Yes. 05:12PM 15 Q. Okay. So when we left off we were talking 05:12PM 16 about number 18, and I think we covered that. Is that 05:12PM 17 your memory? We talked about 18 last time and we are 05:12PM 18 going to 19. 05:12PM 19 A. Only accounting. 05:12PM 20 Q. So let's talk about payroll management for a 05:12PM 21 second, okay. You deal with accounts payable, accounts 05:12PM 22 receivable. Do you do deal with payroll at all? 05:12PM 23 A. Yes. 05:12PM 24 Q. As far as payroll is concerned, you deal with 05:12PM
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1 A. It's all done in accounting. 05:00PM 2 Q. Not something that you do? 05:00PM 3 A. Right, not that transaction. 05:00PM 4 Q. So as far as the statements made regarding 05:00PM 5 the strategic direction and the integrated services for 05:00PM 6 accounting on paragraph number 18, that's not something 05:00PM 7 we can go into detail on as we sit here today, fair? 05:00PM 8 A. Fair. 05:00PM 9 Q. Okay. Thank you. 05:00PM 10 MR. FINDLEY: You want to take a break? 05:00PM 11 MR. WILLIS: Yes. 05:00PM 12 THE VIDEOGRAPHER: We are going off the record at 05:00PM 13 5:00 p.m. 05:00PM 14 (Off the record.) 05:10PM 15 THE VIDEOGRAPHER: We are back on the record at 05:10PM 16 the beginning of tape four at 5:10 p.m. 05:10PM 17 MR. WILLIS: And just for the record, let me put 05:10PM 18 on the record we are going to go to 5:30 and then we are 05:10PM 19 going to stop the deposition. I am not asking for 05:10PM 20 Mr. Findley's consent to that. I am telling you that's 05:10PM 21 what we are going to do. 05:11PM 22 MR. FINDLEY: Okay. So our response to that is 05:11PM 23 our deposition notice, we have waited 12 months to take 05:11PM 24 this deposition. We have a lot of topics to cover in an 05:11PM	1 payroll for all entities under the Kapstone umbrella? 05:12PM 2 A. Yes. 05:12PM 3 Q. Okay. And when I say deal with them, I 05:12PM 4 assume you have someone underneath you who does work for 05:12PM 5 you in relation to that department? 05:12PM 6 A. Yes. 05:12PM 7 Q. What is her name or his name? 05:12PM 8 A. Kathy Macky. 05:13PM 9 Q. I think we mentioned her earlier. 05:13PM 10 A. Yes. 05:13PM 11 Q. And is she a Kapstone Paper and Packaging 05:13PM 12 Corporation employee? 05:13PM 13 A. Yes. 05:13PM 14 Q. So here is what I want to talk to you about, 05:13PM 15 as far as actual cutting of checks, there are the 05:13PM 16 various Kapstone employees -- well, there are many 05:13PM 17 different entities listed on checks that go out for 05:13PM 18 distribution, is that fair? 05:13PM 19 MR. WILLIS: Objection to the form of the 05:13PM 20 question. 05:13PM 21 BY MR. FINDLEY: 05:13PM 22 Q. And I can re-ask it if you need 05:13PM 23 clarification. 05:13PM 24 A. Yes. 05:13PM

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1 Q. Okay. Let's take these two, for instance. 05:13PM 2 KapStone Charleston Kraft LLC is the name on the check 05:13PM 3 that goes out to my clients, fair? 05:13PM 4 A. Yes. 05:13PM 5 Q. Now, there are other entities that we talked 05:13PM 6 about earlier. I think there is Kapstone -- well, there 05:13PM 7 is Kapstone Victory, right? Kapstone Longview, Kapstone 05:13PM 8 Container, and there is various legal entities, correct? 05:14PM 9 A. Yes. 05:14PM 10 Q. Okay. Those are separate legal entity 05:14PM 11 filings as well, correct, as far as your understanding? 05:14PM 12 A. Payroll filings. 05:14PM 13 Q. Well, let's start with Secretary of State 05:14PM 14 filings. You understand they are legally filed as 05:14PM 15 separate entities, right? 05:14PM 16 A. I don't know. 05:14PM 17 Q. Okay. You don't know. You do know that the 05:14PM 18 Kapstone Charleston Kraft LLC is a legal filing with a 05:14PM 19 separate entity? 05:14PM 20 A. Yes. 05:14PM 21 Q. Separate entity than your employer, correct? 05:14PM 22 A. Yes. 05:14PM 23 Q. And you do know that KapStone Kraft Paper 05:14PM 24 Corporation is a separate and distinct legal entity from 05:14PM	1 how many different entities are there that go on checks 05:15PM 2 for payroll? 05:15PM 3 A. I would have to confirm. 05:15PM 4 Q. And I don't know if this has it or some other 05:15PM 5 document has it. 05:15PM 6 A. So Kapstone Paper, KapStone Kraft, Kapstone 05:16PM 7 Charleston, Longview, Kapstone Container and beyond that 05:16PM 8 I would have to confirm. 05:16PM 9 Q. Okay. The ones you just named, all the 05:16PM 10 employee -- each one of those that you named has their 05:16PM 11 own set of the employees, fair? 05:16PM 12 A. They have employees. 05:16PM 13 Q. Okay 05:16PM 14 A. People are employed by those entities, yes. 05:16PM 15 Q. And what I mean by that, they are employed by 05:16PM 16 those entities meaning not only do they work for those 05:16PM 17 entities, but they receive their paycheck from that 05:16PM 18 particular entity that you named, right? I believe you 05:16PM 19 named six or seven of them. 05:16PM 20 A. Right. They receive a paycheck from ADP who 05:16PM 21 processes on Kapstone Paper's behalf. 05:16PM 22 Q. Okay. Well, let's do it this way. We 05:16PM 23 already talked about payroll for Kapstone Charleston 05:16PM 24 Kraft LLC. They get a, if you want a hard check with 05:17PM
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1 your employer, correct? 05:14PM 2 A. Yes. 05:14PM 3 Q. Okay. Now, as far as other Kapstone 05:14PM 4 Container Corporation, for instance, are you familiar 05:14PM 5 with that company? 05:14PM 6 A. Yes. 05:14PM 7 Q. And that's a separate legal filing as well? 05:14PM 8 A. Yes. 05:14PM 9 Q. Okay. And they would have separate payroll 05:14PM 10 as well meaning they have payroll checks with their 05:14PM 11 entity name on it, correct? 05:15PM 12 A. Yes. 05:15PM 13 Q. Okay. It wouldn't say KapStone Paper and 05:15PM 14 Packaging Corporation, true? 05:15PM 15 A. Yes. 05:15PM 16 Q. Okay. For the four -- in regards to payroll. 05:15PM 17 for the people who receive checks that say KapStone 05:15PM 18 Paper and Packaging Corporation, your employer, we 05:15PM 19 talked about ball park 200 or less, give or take, fair? 05:15PM 20 A. Yes. 05:15PM 21 Q. And you know that because you are in charge 05:15PM 22 of the payroll management, right? 05:15PM 23 A. And I said in Northbrook, yes. 05:15PM 24 Q. Okay. And what I am trying to figure out is 05:15PM	1 KapStone Charleston Kraft LLC, you can receive it, 05:17PM 2 correct, receive a copy of it? 05:17PM 3 A. Yes. 05:17PM 4 Q. Okay. The same with their W2s, it has a 05:17PM 5 separate legal entity of Kapstone Charleston Kraft LLC, 05:17PM 6 correct? 05:17PM 7 A. Yes. 05:17PM 8 Q. Of those entities you just read, they are all 05:17PM 9 separate and distinct legal entities, correct? 05:17PM 10 A. Correct. 05:17PM 11 Q. Okay. Each one of those that you read the 05:17PM 12 employees for those particular entities receive a check 05:17PM 13 with their respective entity on there, their employer? 05:17PM 14 A. Yes. 05:17PM 15 Q. Okay. And that would be true whether it 05:17PM 16 comes as direct deposit or whether it comes as a hard 05:17PM 17 check because their W2s list their distinct employer as 05:17PM 18 well, correct? 05:17PM 19 A. Correct. 05:17PM 20 Q. Now, as far as employee benefit services, the 05:17PM 21 employee benefit services that are provided as far as 05:17PM 22 what types of, what makes someone eligible when we are 05:17PM 23 talking about -- do you know if different entities, what 05:18PM 24 eligibility requirements there are for the employee 05:18PM

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1 benefits? 05:18PM 2 A. I can't speak to the detail. 05:18PM 3 Q. Okay. So as far as whether or not they all 05:18PM 4 share or have the same access to employee benefit 05:18PM 5 services as we sit here today, you don't know, fair? 05:18PM 6 A. The salary nonbargained is the handout that 05:18PM 7 you have in the book, the benefits that relate to them. 05:18PM 8 Q. That means their salary noncollective 05:18PM 9 bargaining agreements, right? 05:18PM 10 A. Salaried employees and nonbargained 05:18PM 11 employees. 05:18PM 12 Q. Okay. And when we talk about salaried 05:18PM 13 employees, you are talking about KapStone Paper and 05:18PM 14 Packaging Corporation employees, correct? 05:18PM 15 A. Any exempt employees. 05:18PM 16 Q. Okay. My clients, Jacque Lucas and Daniel 05:18PM 17 Simerly, are not salaried employees, fair? 05:19PM 18 A. Fair. 05:19PM 19 Q. They are not covered by the employment 05:19PM 20 benefit packages that you distribute, correct? 05:19PM 21 A. I do not believe so. 05:19PM 22 Q. So they would not receive the same employment 05:19PM 23 benefit services as say you do at KapStone Paper and 05:19PM 24 Packaging Corporation? 05:19PM	1 preventing bankruptcy? 05:20PM 2 MR. WILLIS: Objection to form. 05:20PM 3 A. No. 05:20PM 4 Q. Okay, what do you mean? Explain what you 05:20PM 5 just said, a bankruptcy remote protection? 05:20PM 6 A. I don't want to speak -- I don't know the 05:20PM 7 detail of this. 05:20PM 8 Q. Okay. And that's a fair answer. Going to 05:20PM 9 paragraph 19, it says Kapstone and several subsidiaries 05:20PM 10 including KapStone Kraft and Kapstone Charleston are 05:20PM 11 parties to consolidated receivable securitization 05:20PM 12 program in which the account receivables travel through 05:20PM 13 a special purpose receivable vehicle and ultimately end 05:21PM 14 up in Kapstone Paper account? 05:21PM 15 A. Yes. 05:21PM 16 Q. As far as what a special purpose receivable 05:21PM 17 vehicle is or the purpose of it, you don't know, 05:21PM 18 correct? 05:21PM 19 A. My understanding is it's a way for us to 05:21PM 20 borrow against the receivables. 05:21PM 21 Q. Okay. A way for us to borrow against, who is 05:21PM 22 us, KapStone Paper and Packaging Corporation? 05:21PM 23 A. Yes. 05:21PM 24 Q. Okay. And when you are saying -- 05:21PM
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1 A. I can't speak to all of the benefits. 05:19PM 2 Q. Okay. And that's fair. What I am saying is 05:19PM 3 you do know that the employee benefit package you 05:19PM 4 provided me would not apply to them? 05:19PM 5 MR. WILLIS: Objection to the form of the 05:19PM 6 question. 05:19PM 7 A. I don't know if all of it does not apply. 05:19PM 8 There is many types of benefits in there. 05:19PM 9 Q. Okay, but based on your understanding, the 05:19PM 10 employee benefit package you gave to me would not apply 05:19PM 11 to as you put it bargained employees or nonsalaried 05:19PM 12 employees, correct? 05:19PM 13 A. Yes. 05:19PM 14 Q. Okay. So based on your understanding it 05:19PM 15 would not apply to my clients? 05:19PM 16 A. I don't believe so. 05:19PM 17 Q. Okay. Okay, what is a special purpose 05:19PM 18 receivable vehicle? 05:20PM 19 A. Bankruptcy remote. 05:20PM 20 Q. What? 05:20PM 21 A. A bankruptcy remote entity. 05:20PM 22 Q. What does that mean? 05:20PM 23 A. That the receiver was protected. 05:20PM 24 Q. It is a legal formation for the purposes of 05:20PM	1 A. Actually, I don't want to respond to this. 1 05:21PM 2 don't know the detail of it. 05:21PM 3 Q. Well, fair enough. But, Ma'am, you have to 05:21PM 4 understand my position, you have an affidavit that's 05:21PM 5 signed and notarized that says number 19 is true based 05:21PM 6 on your information and belief and what I am just trying 05:21PM 7 to figure out so that we can clarify this for later is, 05:21PM 8 is it fair to say you have no idea and do not feel 05:21PM 9 comfortable testifying to the contents of paragraph 19 05:21PM 10 and we can move on to the next one? 05:21PM 11 MR. WILLIS: Object to form. 05:22PM 12 A. Right. 05:22PM 13 Q. Okay. So based on your response I am going 05:22PM 14 to move to paragraph 20, fair? 05:22PM 15 A. Yes. 05:22PM 16 Q. Okay. Integrated accounting system and cash 05:22PM 17 management system includes accounts receivable and 05:22PM 18 accounts payable, okay. When we say integrated 05:22PM 19 accounting system, where is that and what is it? 05:22PM 20 MR. WILLIS: Objection, form. 05:22PM 21 A. All entities record their accounting, their 05:22PM 22 journal entries into the same accounting system. 05:22PM 23 Q. Okay. So what you are saying there is a 05:22PM 24 centralized accounting system that's like a computer 05:22PM

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1 software program or what is it? 05:22PM 2 A. Yes. 05:22PM 3 Q. What's it called? 05:22PM 4 A. Microsoft Dynamics AX. 05:22PM 5 Q. And how long has that been around, for how 05:23PM 6 long have y'all been using it? 05:23PM 7 A. Since the beginning of 2007. 05:23PM 8 Q. Okay. And Microsoft Dynamics AX, so are you 05:23PM 9 saying that -- well, let's just talk about integrated 05:23PM 10 accounting system, that specific term would be Microsoft 05:23PM 11 Dynamics AX, is that fair, that's what you refer to as 05:23PM 12 integrated accounting system, and it would allow you to 05:23PM 13 keep detailed accounting at each one of the plant 05:23PM 14 locations or mills? 05:23PM 15 MR. WILLIS: Objection to form. 05:23PM 16 A. We use it to consolidate the financial 05:23PM 17 information. 05:23PM 18 Q. Okay. Consolidate the financial information 05:23PM 19 for the purposes of the 10K? 05:23PM 20 A. Yes. 05:23PM 21 Q. Okay. And because when you perform your 10K 05:23PM 22 what you are doing is you are consolidating financials 05:23PM 23 for every entity, right? 05:23PM 24 A. Everybody's information is in the same 05:24PM	1 that way if you wanted to, for instance, say I want to 05:25PM 2 look at all, you know, locations in South Carolina, you 05:25PM 3 can do that, right? Or let me break it down even 05:25PM 4 simpler. I want to look at all cash management systems 05:25PM 5 and integrating accounting system for Kapstone 05:25PM 6 Charleston Kraft LLC, based on those specific 05:25PM 7 identifying numbers I can identify that specific plan, 05:25PM 8 fair? 05:25PM 9 A. You cannot run a 10K on Charleston. 05:25PM 10 Q. And I am not talking about a 10K. What I am 05:25PM 11 talking about is if I wanted to know the financials, the 05:25PM 12 P and L's or anything related to the accounting systems 05:25PM 13 at Kapstone Charleston Kraft LLC, I can divide it by 05:25PM 14 that, right, based on the identifier? 05:25PM 15 A. For P and L's, yes. 05:26PM 16 Q. Okay. And what you are saying is Microsoft 05:26PM 17 Dynamics AX is for the purpose of taking all of these 05:26PM 18 separate systems and consolidating them into one for the 05:26PM 19 purposes of 10K filing, true? 05:26PM 20 MR. WILLIS: Objection to form. 05:26PM 21 MR. FINDLEY: That's my understanding of it, is 05:26PM 22 yours different? 05:26PM 23 A. No. 05:26PM 24 Q. So our understanding would be the same, true? 05:26PM
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1 system, yes. 05:24PM 2 Q. Okay, but what I am saying is that 05:24PM 3 information before consolidation is broken down meaning 05:24PM 4 KapStone Charleston Kraft LLC, North Charleston plant 05:24PM 5 has its own accounting information that is kept separate 05:24PM 6 and apart, it can just later be consolidated, it has 05:24PM 7 that function, true? 05:24PM 8 A. There is P and L in the system, there is not 05:24PM 9 an individual balance sheet for each location. 05:24PM 10 Q. Okay. Well, let me put it this way, if I 05:24PM 11 wanted to get the Microsoft Dynamics AX and all I wanted 05:24PM 12 to do was know about accounts payable, accounts 05:24PM 13 receivable and any kind of financials related to 05:24PM 14 KapStone Charleston Kraft LLC, I have the ability to 05:24PM 15 sort it by that location, fair? 05:24PM 16 A. You have the ability to sort by location, 05:24PM 17 yes. 05:24PM 18 Q. Okay. And what I mean by that is you have 05:24PM 19 the ability to sort by location is because each entry 05:24PM 20 has a specific code for it, correct? 05:25PM 21 A. Each location has -- 05:25PM 22 Q. Right. 05:25PM 23 A. -- and identifying number, yes. 05:25PM 24 Q. Each location has an identifying number and 05:25PM	1 A. Could you say your understanding again. 05:26PM 2 Q. My understanding is that each, let's just 05:26PM 3 take locations, for instance, okay, you said that 05:26PM 4 earlier, each specific mill location has an identifier 05:26PM 5 number? 05:26PM 6 A. Yes. 05:26PM 7 Q. What is it called? 05:26PM 8 A. The location number. 05:26PM 9 Q. Okay, the location number. And each 05:26PM 10 accounting principal or P and L statement can be 05:26PM 11 separated by identifier numbers, fair? 05:26PM 12 A. Yes. 05:26PM 13 Q. Yes? You got to say it for her not for me? 05:26PM 14 A. Okay, the information is in there. Whether 05:26PM 15 you could run a report, I am not clear. 05:27PM 16 Q. Okay. The information is in there meaning 05:27PM 17 each one can be separated by specific identifier number. 05:27PM 18 Meaning if I wanted to pull all the identifier numbers 05:27PM 19 for KapStone Charleston Kraft LLC, I could do it and 05:27PM 20 know whether or not Belgium or Longview or any other 05:27PM 21 place was included, right? 05:27PM 22 A. Yes, based on the number. 05:27PM 23 Q. Right. It has a specific identifier that 05:27PM 24 separates it, fair? 05:27PM

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1 A. Yes. 05:27PM 2 Q. Okay. Now what you are saying when you are 05:27PM 3 talking about integrated accounting system to 05:27PM 4 consolidate, what you are saying and what my 05:27PM 5 understanding is and I think we agree to is Microsoft 05:27PM 6 Dynamics AX allows you to take all of these separate 05:27PM 7 identifying numbers, P and L statements and consolidate 05:27PM 8 them together for the purpose of filing a 10K, is that 05:27PM 9 fair? 05:27PM 10 A. Yes. There is a system that actually 05:27PM 11 consolidates, but the data is in AX and I am not 05:27PM 12 familiar with the process. 05:28PM 13 Q. But the data is recorded separately and the 05:28PM 14 data can be kept separately for the purposes of specific 05:28PM 15 identifier number per location? 05:28PM 16 A. Yes. 05:28PM 17 Q. And that would be true for accounts payable 05:28PM 18 and receivable? 05:28PM 19 A. Yes. 05:28PM 20 Q. Now, paragraph 21 has a long description 05:28PM 21 about how receivables are swept together and I am just 05:28PM 22 going to ask you off the bat to see if we can save 05:28PM 23 ourselves some questions, are you prepared to answer 05:28PM 24 questions in relation to paragraph 20? 05:28PM	1 Q. Well, it would deal with accounts payable and 05:30PM 2 accounts receivable. It would deal with paragraph 21. 05:30PM 3 would it not? 05:30PM 4 A. The cash is collected in these accounts and 05:30PM 5 these ZBA everyday to this account. 05:30PM 6 Q. Okay. 2: 05:30PM 7 MR. WILLIS: Why don't you make this is your last 05:30PM 8 paragraph. 05:30PM 9 MR. FINDLEY: You are going to have to shut me 05:30PM 10 down. 05:30PM 11 MR. WILLIS: I am going to shut you down at 5:30. 05:30PM 12 but I want you to get to a stopping place. 05:30PM 13 MR. FINDLEY: All right, so let me go to this one. 05:30PM 14 MR. WILLIS: What is the next exhibit? 05:30PM 15 MR. FINDLEY: All right I am going to go with 16. 05:31PM 16 For the receivable securitization and just so that we 05:31PM 17 are clear for the record, what we are marking as Exhibit 05:31PM 18 16 would be Kapstone 00358 to 00362, okay. And you can 05:31PM 19 take this copy. Ma'am, and let me ask you some questions 05:31PM 20 in relation to it. 05:31PM 21 (Plaintiff's Deposition Exhibit No. 05:31PM 22 16 was marked for identification.) 05:31PM 23 BY MR. FINDLEY: 05:31PM 24 Q. First of all, this document as far as where 05:31PM
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1 A. Yes. 05:28PM 2 Q. Okay. 05:28PM 3 A. 21 you mean? 05:28PM 4 Q. 21, excuse me. All right, so Kapstone Paper 05:28PM 5 Packaging Corporation is what that refers to when it 05:28PM 6 says Kapstone Paper, right? 05:28PM 7 A. Yes. 05:29PM 8 Q. Receives collectibles or collects receivables 05:29PM 9 from the operation of KapStone Kraft and Kapstone 05:29PM 10 Charleston. Okay, just starting there with that 05:29PM 11 sentence, okay, the plan actually collects receivables 05:29PM 12 on its own first before it's passed to KapStone Paper 05:29PM 13 and Packaging Corporation, true? 05:29PM 14 MR. WILLIS: Objection to the form. 05:29PM 15 A. The receivables are collected in these 05:29PM 16 accounts the ZBA to this account. 05:29PM 17 Q. All right, so, I am going to mark for you -- 05:29PM 18 well, do you know about this document? 05:29PM 19 A. I have seen it. 05:29PM 20 Q. Are you familiar with it? 05:29PM 21 A. I cannot speak to the accounting behind it. 05:30PM 22 Q. Okay. So what is this document or your 05:30PM 23 understanding of the transaction structure chart? 05:30PM 24 A. It's the accounting behind securitization. 05:30PM	1 it came from do you know? 05:31PM 2 A. I don't. 05:31PM 3 Q. Okay, because it looks like it is part of 05:31PM 4 something bigger maybe. I don't know the larger 05:31PM 5 document that this is. 05:31PM 6 A. I don't know. 05:31PM 7 Q. Okay, fair enough. Anyway, your 05:31PM 8 understanding is receivable securitization deals with 05:31PM 9 accounts receivables related to Kapstone Charleston 05:31PM 10 Kraft LLC, Kapstone Paper Corporation, and KapStone 05:32PM 11 Paper and Packaging Corporation, correct? 05:32PM 12 A. It's all receivables. 05:32PM 13 Q. Okay. Well, let's go to glossary. It's got 05:32PM 14 a bunch of different entities listed, okay. All right, 05:32PM 15 so now I want to go to page three and it says current 05:32PM 16 structure. As far as when that became the current 05:32PM 17 structure, do you have any idea? 05:32PM 18 A. Receivables, document or the start of it was 05:32PM 19 2014. 05:32PM 20 Q. Okay. Is this the current structure or do 05:32PM 21 you know? 05:33PM 22 A. I can't speak to the detail. 05:33PM 23 Q. Okay, fair enough. And you can't speak to 05:33PM 24 the detail of whether or not what is contained in 05:33PM

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1 Exhibit No. 16 is the current structure that is being 05:33PM 2 utilized today, fair? 05:33PM 3 A. Fair. 05:33PM 4 Q. Despite being the vice president of Shared 05:33PM 5 Services on behalf of Kapstone Paper and Packaging 05:33PM 6 Corporation, true? 05:33PM 7 MR. WILLIS: Objection to form. 05:33PM 8 A. Yes. 05:33PM 9 Q. Okay. So now I want to ask you about page 05:33PM 10 four just to clarify. If you could turn there. And it 05:33PM 11 has four different entities listed as originators, 05:33PM 12 Longview, Charleston, Container, and Victory. Do you 05:33PM 13 see that? 05:33PM 14 A. Yes. 05:33PM 15 Q. Okay. And what I understand originators to 05:33PM 16 mean in my mind would be originators of business, paper, 05:33PM 17 manufacturing and selling, correct? 05:33PM 18 A. Yes. 05:33PM 19 Q. You would agree with me that those four 05:33PM 20 entities are involved in the business of manufacturing 05:33PM 21 and selling paper products, correct? 05:33PM 22 MR. WILLIS: Objection to form. 05:33PM 23 MR. FINDLEY: You can answer. 05:34PM 24 A. Yes. 05:34PM	1 distributing paper and packaging, correct? 05:35PM 2 A. From an accounting perspective, yes. 05:35PM 3 Q. Okay. And then what they would do is they 05:35PM 4 would sell their account receivable to Receivables LLC 05:35PM 5 who would issue them a promissory note, right? 05:35PM 6 A. Yes. 05:35PM 7 Q. Okay. And then, then only then would 05:35PM 8 Kapstone Paper and Packaging Incorporation later would 05:35PM 9 have to pay the purchase price for that promissory note, 05:35PM 10 correct? 05:35PM 11 A. These are monthly journal entries related to 05:35PM 12 this agreement. It's not cash. 05:35PM 13 Q. All right. My question is different. My 05:36PM 14 question and I object to the nonresponsive portion. 05:36PM 15 My question is KapStone Paper and 05:36PM 16 Packaging Corporation would later have to pay the 05:36PM 17 purchase price for those receivables to pay for the 05:36PM 18 promissory note, is that true or not true or do you 05:36PM 19 know? 05:36PM 20 A. There is no cash transaction -- 05:36PM 21 Q. Okay. 05:36PM 22 A. -- related to that. 05:36PM 23 Q. It's a bunch of paper transaction, a bunch of 05:36PM 24 IOUs being passed back and forth, right? 05:36PM
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1 Q. Okay. The two entities above are not 05:34PM 2 entities in the business of manufacturing and selling 05:34PM 3 paper products as indicated in your affidavit we talked 05:34PM 4 about earlier, right? 05:34PM 5 MR. WILLIS: Objection to form. 05:34PM 6 A. Well, KapStone Kraft would be. 05:34PM 7 Q. Okay. All right, in any event we know the 05:34PM 8 gold section of this sheet is for originators. 05:34PM 9 originators of they want to manufacture and sell 05:34PM 10 product, fair, for these four? 05:34PM 11 A. Yes. 05:34PM 12 Q. Okay. So I want to start with these four and 05:34PM 13 it says originators and it sells a hundred percent of 05:34PM 14 its account receivable to an entity called a receivables 05:34PM 15 LLC, okay, are you familiar with that? 05:34PM 16 A. Yes. 05:34PM 17 Q. Okay. And then a promissory note in the 05:34PM 18 amount of 99 percent of the face value of the accounts 05:35PM 19 is issued for the receivables sold to the receivable 05:35PM 20 LLC, fair? 05:35PM 21 A. That's what it says, yes. 05:35PM 22 Q. Okay. So what I understand that to mean is 05:35PM 23 the originator which would include Kapstone Charleston 05:35PM 24 Kraft LLC would originate money by selling or 05:35PM	1 MR. WILLIS: Objection to form. 05:36PM 2 Q. That's what it is, isn't it? 05:36PM 3 A. It's accounting, yes. 05:36PM 4 Q. Okay. It's IOUs passed back and forth for 05:36PM 5 the purposes of you said it earlier, bankruptcy remote 05:36PM 6 protection, true? 05:36PM 7 A. I believe so, yes. 05:36PM 8 Q. Okay. It has nothing to do with generating 05:36PM 9 business or transacting business, it's a creation, well. 05:37PM 10 it's an accounting structure created by lawyers, right? 05:37PM 11 MR. WILLIS: Objection to form. 05:37PM 12 A. I believe so. 05:37PM 13 Q. And for the purposes of protection of 05:37PM 14 liability regarding bankruptcy or whatever that 05:37PM 15 liability may be, is that your understanding? 05:37PM 16 A. My understanding is it is a way to 05:37PM 17 concentrate or consolidate AR to allow further 05:37PM 18 borrowing, yes. 05:37PM 19 Q. For the purposes of protection regarding 05:37PM 20 liabilities, true? 05:37PM 21 MR. WILLIS: Objection, asked and answered. 05:37PM 22 A. To protect the borrowing base. 05:37PM 23 Q. Objection nonresponsive. 05:37PM 24 Your understanding of the structure of 05:37PM

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1 this and why it was created was for the specific purpose 05:37PM 2 of protecting Kapstone Packaging and Paper Corporation 05:37PM 3 from bankruptcy and liabilities, fair? 05:38PM 4 A. No. 05:38PM 5 Q. Okay, what was it created for? 05:38PM 6 A. To consolidate receivables so we could borrow 05:38PM 7 against them. It's a borrowing plan. 05:38PM 8 Q. So to consolidate receivables so it can be 05:38PM 9 borrowed against. And why wouldn't Kapstone Charleston. 05:38PM 10 what you are saying it's to so that KapStone Paper and 05:38PM 11 Packaging Corporation can receive a bigger credit line? 05:38PM 12 A. No. 05:38PM 13 Q. Okay, well borrowing against what? 05:38PM 14 A. An advance on receivables is how I understand 05:38PM 15 it. 05:38PM 16 Q. From who? Borrowing from who? 05:38PM 17 A. The banks in the group that do this for us. 05:38PM 18 Q. What banks are those? 05:38PM 19 A. I am not current on the list, but I could get 05:38PM 20 it. 05:38PM 21 Q. Okay. As far as why it was created as far as 05:38PM 22 you having knowledge as to being involved in the 05:38PM 23 creation of this receivable sales agreement structure, 05:38PM 24 the purposes behind it, do you know, because earlier you 05:38PM	1 A. I don't know. 05:40PM 2 Q. Okay. Well, have you ever seen that happen? 05:40PM 3 A. Have I seen Kapstone Charleston borrow 05:40PM 4 against. 05:40PM 5 Q. The receivables? 05:40PM 6 A. It's a consolidated arrangement. All 05:40PM 7 receivables are. 05:40PM 8 Q. Objection, nonresponsive. Have you seen 05:40PM 9 Kapstone Charleston -- 05:40PM 10 MR. WILLIS: Hold on, she didn't finish her 05:40PM 11 answer. 05:40PM 12 MR. FINDLEY: Okay. Finish it for us, please. 05:40PM 13 MR. WILLIS: I thought you interrupted her before 05:40PM 14 she was finished explaining it. 05:40PM 15 MR. DUCAYET: He did. 05:40PM 16 MR. FINDLEY: We can re-read the question, I mean. 05:40PM 17 MR. DUCAYET: Yeah, let's do that. 05:40PM 18 MR. FINDLEY: Re-read the question for her please. 05:40PM 19 (Question read.) 05:41PM 20 MR. FINDLEY: Well, that's the question. 05:41PM 21 Q. Can you answer it? 05:41PM 22 A. Can Kapstone Charleston borrow against this 05:41PM 23 receivable arrangement, I believe not. 05:41PM 24 Q. Okay. So the only person or the only entity 05:41PM
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1 told me it was bankruptcy remote protection? 05:39PM 2 A. No, I said the entity. We weren't allowed to 05:39PM 3 borrow against it if it wasn't protected, right. 05:39PM 4 Q. Okay. So you are saying the receivable 05:39PM 5 entity is you are allowed to borrow against it, correct? 05:39PM 6 A. I am saying that we borrow against the 05:39PM 7 receivables. 05:39PM 8 Q. Which entity are you referring to, KapStone 05:39PM 9 Paper and Packaging Corporation borrowing against? 05:39PM 10 A. No, we borrow from banks. 05:39PM 11 Q. Right. 05:39PM 12 A. Yes. 05:39PM 13 Q. Against what? What's the collateral? 05:39PM 14 A. The receivables. 05:39PM 15 Q. Okay. And the receivables would be the 05:39PM 16 receivables over here. Your line of credit as far as 05:39PM 17 what it comes from to be able to borrow against would be 05:39PM 18 solely limited to the Receivables LLC is what you are 05:39PM 19 saying? 05:39PM 20 A. To our AR balance, yes. Combined AR balance. 05:39PM 21 Q. Okay. All right. Now can Kapstone 05:39PM 22 Charleston Kraft LLC borrow against that same 05:39PM 23 receivables? It cannot, true? 05:40PM 24 MR. WILLIS: Objection to form. 05:40PM	1 that can receive a benefit from borrowing against any of 05:41PM 2 this related to the sale agreement structure would be 05:41PM 3 Kapstone Charleston Paper and Packaging Corporation, 05:41PM 4 fair? 05:41PM 5 MR. WILLIS: Kapstone Paper and Packaging 05:41PM 6 Corporation. 05:41PM 7 MR. FINDLEY: He is correct. Kapstone Paper and 05:41PM 8 Packaging Corporation. Let me restate the question. 05:42PM 9 Q. The only entity that can borrow against the 05:42PM 10 receivables as a result of this receivable sales 05:42PM 11 agreement would be Kapstone Paper and Packaging 05:42PM 12 Corporation, correct? 05:42PM 13 A. I would like to confirm because they have 05:42PM 14 KKPC, right, Kapstone Kraft Paper at the top. 05:42PM 15 Q. Okay. Well, can Kapstone Paper Packaging and 05:42PM 16 Corporation do it? Do you know is what I am asking you? 05:42PM 17 A. I am not sure if it's KapStone Kraft or 05:42PM 18 Kapstone Paper, but it is meant for the consolidated 05:42PM 19 entity to borrow against receivables, consolidated 05:42PM 20 receivables. 05:42PM 21 Q. Okay, and what I mean by that is Charleston 05:42PM 22 Longview, Container, Victory, they cannot borrow against 05:42PM 23 receivables according to the structural agreement? 05:42PM 24 A. They cannot receive cash. 05:42PM

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1 Q. Okay. Well, they can't borrow against the 05:42PM 2 receivables, is that -- I think you are saying the same 05:43PM 3 thing, I can't tell. Is that the same thing? 05:43PM 4 A. They cannot receive cash from this, right. 05:43PM 5 Q. Okay. They cannot borrow against Receivables 05:43PM 6 LLC. They can't go to the bank and say hey bank, give 05:43PM 7 me some money, look at my receivables? 05:43PM 8 A. Correct. 05:43PM 9 Q. Okay. And the only, well, the only entities 05:43PM 10 that we see in page four of Exhibit 11 that are actually 05:43PM 11 in the business of originating products, developing and 05:43PM 12 implementing and selling products, paper products, are 05:43PM 13 the Longview, Charleston, Container, and Victory 05:43PM 14 contained in gold? 05:43PM 15 MR. WILLIS: Objection to form. 05:43PM 16 A. And KapStone Kraft has receivables as well. 05:43PM 17 Q. Okay. Well, it's not listed as an 05:43PM 18 originator, true? 05:44PM 19 A. I believe it should be. 05:44PM 20 Q. Okay. Well, it's not in this document listed 05:44PM 21 as an originator, fair? 05:44PM 22 A. Yes. 05:44PM 23 MR. WILLIS: All right, we are going to call an 05:44PM 24 end to the deposition for today. We are going to leave 05:44PM	1 MR. WILLIS: Yes. I am ending the deposition for 05:45PM 2 today. We will leave it open and we will talk about 05:45PM 3 rescheduling to finish. 05:45PM 4 MR. FINDLEY: Okay. So we are in Chicago. We 05:45PM 5 flew to Chicago. We are here. Are we taking her or 05:45PM 6 starting her deposition tomorrow? 05:45PM 7 MR. WILLIS: No, she is not available tomorrow. 05:45PM 8 MR. FINDLEY: Okay, when are you available again? 05:45PM 9 MR. WILLIS: I will have to confer with her on 05:45PM 10 that. 05:45PM 11 MR. FINDLEY: Okay. Have you confirmed that she 05:45PM 12 is unavailable? 05:45PM 13 MR. WILLIS: Yes. 05:45PM 14 MR. FINDLEY: Okay. Yeah, that's a good question. 05:45PM 15 When did you confer with her about her availability for 05:45PM 16 tomorrow? 05:45PM 17 MR. WILLIS: About 15 minutes ago. Whenever we 05:45PM 18 took the last break. 05:45PM 19 MR. FINDLEY: So while we recess right now is 05:45PM 20 there a way you can confer with her about a date that 05:45PM 21 she is available. 05:45PM 22 MR. WILLIS: Yes. 05:45PM 23 MR. FINDLEY: So that we can get it on the record. 05:45PM 24 MR. WILLIS: Yes. 05:45PM
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1 the deposition open. 05:44PM 2 MR. FINDLEY: Can I ask her about this page before 05:44PM 3 we call it? 05:44PM 4 MR. WILLIS: How much more do you have? 05:44PM 5 MR. FINDLEY: I just want to ask her if she knows 05:44PM 6 about it. Before we go off let me ask you about that. 05:44PM 7 MR. WILLIS: Okay. I thought you were finished 05:44PM 8 with the exhibit. 05:44PM 9 MR. FINDLEY: I thought I was. I didn't know 05:44PM 10 there was one more page to it. 05:44PM 11 MR. WILLIS: Okay, go ahead. 05:44PM 12 BY MR. FINDLEY: 05:44PM 13 Q. Exhibit 11, this receivables purchases 05:44PM 14 agreement structure, can you testify in regards to that 05:44PM 15 or is that something you would need more information on 05:44PM 16 before you could? 05:44PM 17 A. I would need more information. 05:44PM 18 Q. Okay. So as we sit here today you couldn't 05:44PM 19 give me any information as to what purchaser's circle 05:44PM 20 would contain, what that would cover? 05:44PM 21 A. I need to follow-up. 05:44PM 22 Q. Okay. 05:44PM 23 MR. FINDLEY: Okay. You are calling the 05:44PM 24 deposition against my objection? 05:44PM	1 MR. FINDLEY: Because it has taken me a long time 05:45PM 2 to get this. 05:46PM 3 MR. WILLIS: Oh, today, no. I have got to talk 05:46PM 4 with Wendy and I have got to talk with Jim and I have 05:46PM 5 got to check my schedule. So, no, we can't do that on 05:46PM 6 the record today. 05:46PM 7 MR. FINDLEY: Okay. Well, let the record show we 05:46PM 8 object and we reserve all rights regarding costs and 05:46PM 9 everything else related to the deposition. 05:46PM 10 THE VIDEOGRAPHER: We are going to go off the 05:46PM 11 record at the end of the deposition of Kelly Hulseman at 05:46PM 12 5:46 p.m. 05:46PM 13 (Off the record.) 14 15 16 17 18 19 20 21 22 23 24

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1 STATE OF SOUTH CAROLINA 2 COUNTY OF CHARLESTON 3 JACQUE LUCAS, SHIRLEY ANN) IN THE COURT OF COMMON LUCAS, and DANIEL SIMERLY,) 4) PLEAS FOR THE NINTH Plaintiffs,) 5) JUDICIAL CIRCUIT vs.) 6) C/A NO: 2017-CP-10-838 KapStone PAPER AND) 7 PACKAGING CORPORATION,) KapStone KRAFT PAPER) 8 CORPORATION, SAFWAY GROUP) HOLDINGS, LLC, EASY WAY) 9 INSULATION CO., INC.,) SYPRIS TECHNOLOGIES, INC.) 10 f/k/a TUBE-TURNS) TECHNOLOGIES, INC.,) 11 THOMPSON CONSTRUCTION) GROUP, INC., and THOMPSON) 12 INDUSTRIAL SERVICES, LLC) Defendants.) 13) 14 This is to certify that I have read the 15 transcript of my deposition taken on the 6th day of 16 March 2017 in the foregoing cause and that the 17 foregoing transcript accurately states the questions 18 asked and the answers given by me, with the changes 19 or corrections, if any, made on the Erratum Sheet(s) 20 attached hereto. 21 22 _____ KELLY HULSEMAN 23 Subscribed and sworn to before me this _____ day 24 of _____, 2018.	1 REPORTER'S CERTIFICATE 2 3 I, EDNA D. STROUD, CSR NO. 084-002240, 4 Certified Shorthand Reporter, certify; 5 THAT the foregoing proceedings were taken 6 before me at the time and place therein set forth, at 7 which time the witness was put under oath by me; 8 THAT the testimony of the witness, the 9 questions propounded, and all objections and statements 10 made at the time of the examination were recorded 11 stenographically by me and were thereafter transcribed; 12 THAT the foregoing is a true and correct 13 transcript of my shorthand notes so taken. I further 14 certify that I am not a relative or employee of any 15 attorney of the parties, nor financially interested in 16 the action. 17 THAT the deponent reserved signature. 18 I DECLARE under penalty of perjury under 19 the laws of Illinois that the foregoing is true and 20 correct. 21 DATED THIS _____ day of March 2018. 22 23 EDNA D. STROUD, Notary Public 24 Cook County, IL
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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 04:29PM	

EXHIBIT

“C”

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)
Jacque Lucas, Shirley Ann Lucas and)
Daniel Simerly,)
Plaintiffs,)
vs.)
KapStone Paper and Packaging)
Corporation, KapStone Kraft Paper)
Corporation, Safway Group Holdings,)
LLC, Easy Way Insulation Co., Inc.,)
Sypris Technologies, Inc. f/k/a)
Tube-Turns Technologies, Inc.,)
Thompson Construction Group, Inc.)
and Thompson Industrial Services, LLC,)
Defendants.)

IN THE COURT OF COMMON PLEAS
FOR THE NINTH JUDICIAL CIRCUIT
CIVIL ACTION #: 2017-CP-10-00838

**AFFIDAVIT OF
MARK NIEHUS**

1. I, Mark Niehus, having first been duly sworn according to law, makes the following oath upon his personal knowledge, or where noted, is providing information as to matters known or reasonably available to KapStone Paper and Packaging Corporation, having been informed of the sources of information and having reviewed copies of the documents listed herein on the attached Schedule (Exhibit "A").
2. I am the Vice President and Controller for KapStone Paper and Packaging Corporation, and in such capacity, I have the authority to verify on behalf of KapStone that the records provided in response to Plaintiff's discovery requests in this matter are authentic.
3. These attached records are copies of original records maintained by KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation that have been provided in response to discovery requests in connection with the above-captioned matter.

4. These records are maintained in the ordinary course and scope of regularly conducted business activities of KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation, and are prepared and maintained as a regular practice and custom.
5. The attached records were created, compiled and/or maintained by personnel of KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation, acting in the ordinary course of business, at or near the time of the activities reported thereon, by persons with knowledge of and a business duty to record and transmit accurate information pertaining to these matters.
6. To the extent that these documents include records provided by entities other than KapStone Paper and Packaging Corporation and/or KapStone Kraft Paper Corporation, such as KapStone's insurer, Sentry Insurance, or third-party vendors with whom the KapStone entities transact business, these records are received from these entities and maintained in the regular course of business by KapStone.
7. A schedule of said records I have reviewed and hereby declare to be authentic are appended hereto as Exhibit "A".

FURTHER AFFIANT SAITH NOT.

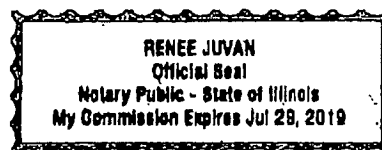
Mark Niehus

Mark Niehus

Sworn and subscribed to before me
This 13th day of July, 2018.

Renée Juwan
Notary Public

My commission expires: 7/29/2019



EXHIBIT

“D”

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	FOR THE NINTH JUDICIAL CIRCUIT
	)	
Jacque Lucas, Shirley Ann Lucas and	)	C/A NO: 2017-CP-10-838
Daniel Simerly,	)	
	)	
Plaintiffs,	)	
	)	
vs.	)	
	)	NOTICE OF 30(b)(6) DEPOSITION
KapStone Paper and Packaging Corporation,	)	TO KAPSTONE PAPER AND
KapStone Kraft Paper Corporation, Safway	)	PACKAGING CORPORATION
Group Holdings, LLC, Easy Way Insulation	)	
Co., Inc., Sypris Technologies, Inc. f/k/a	)	
Tube-Turns Technologies, Inc., Thompson	)	
Construction Group, Inc. and Thompson	)	
Industrial Services, LLC,	)	
	)	
Defendants.	)	
	)	

**TO: RICHARD H. WILLIS, ESQ. AND ASHLEY R. WILSON, ESQ., ATTORNEYS
FOR KAPSTONE PAPER AND PACKAGING CORPORATION.**

PLEASE TAKE NOTICE that the Plaintiffs will take the following deposition of one or more officers, directors, managing agents and other persons who consent to testify on behalf of and are designated by the defendant pursuant to Rule 30(b)(6).

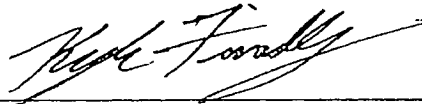
Deponent: Corporate Representative of KapStone Paper and Packaging Corporation
Date: March 6, 2018
Time: 10:00 a.m. CST
Place: Sidley & Austin, One South Dearborn Street, Chicago, IL 60603

The particular matters on which the examination is requested are any related to the documents requested for production at the deposition shown an **Exhibit A** attached hereto. Pursuant to said Rule, the defendant is requested to designate the person or persons who will testify and the matters on which he will testify.

The deposition will be held on March 6, 2018, at 10:00 a.m. at the law office of Sidley & Austin, One South Dearborn Street, Chicago, Illinois, or at such other time or place as might be set and before an officer authorized by law to take depositions.

Respectfully submitted,

ARNOLD & ITKIN LLP



Kurt Arnold (Admitted *Pro Hac Vice*)

Texas Bar No. 24036150

karnold@arnolditkin.com

J. Kyle Findley (Admitted *Pro Hac Vice*)

Texas Bar No. 24076382

kfindley@arnolditkin.com

Adam Lewis (Admitted *Pro Hac Vice*)

Texas Bar No. 24094099

alewis@arnolditkin.com

Kala Sellers (Admitted *Pro Hac Vice*)

Texas Bar No. 24087519

ksellers@arnolditkin.com

AND

D. Reece Williams, III (Bar No. 6120)

Richard C. Detwiler (Bar No. 6473)

CALLISON, TIGHE & ROBINSON, LLC

Post Office Box 1390

Columbia, SC 29202

Tel: (803) 404-6900

Fax: (803) 404-6901

Email: ReeceWilliams@CallisonTighe.com

RickDetwiler@CallisonTighe.com

ATTORNEYS FOR PLAINTIFFS

EXHIBIT "A"
TO BE PRODUCED AT THE DEPOSITION

1. All documents that refer, relate or represent the corporate structure of this Defendant from the 2006 through the date of the underlying incident, including any subsidiary or entity in which this Defendant has an ownership interest.
2. All documents that refer, relate or represent the business segments and operating groups of this Defendant from the 2006 through the date of the underlying incident.
3. All documents that refer, relate or represent the ownership of Kapstone Charleston Kraft, LLC, including all parties holding an interest, directly or indirectly, in Kapstone Charleston Kraft, LLC from 2006 to present.
4. All documents that refer, relate or represent the ownership of North Charleston plant, including all parties holding an interest, directly or indirectly in the North Charleston plant from 2006 to present.
5. All documents that refer, relate or represent management or employees of this Defendant who have performed site visits, training and/or inspections at the North Charleston plant from 2010 to 2016.
6. A copy of the Articles of Incorporation or Organization, including any subsequent amendment(s) or filing(s) for this Defendant.
7. Copy of the Articles of Incorporation or Organization, including any subsequent amendment(s) or filing(s) for Kapstone Charleston Kraft, LLC.
8. All documents that represent, refer or describe to the relationship between this Defendant and Meadwest Vaco SC, LLC regarding the North Charleston plant, including any control and/or duties Meadwest Vaco SC, LLC had at the North Charleston plant in 2016.
9. All documents that represent, refer or describe to the relationship between Kapstone Charleston Kraft, LLC and Meadwest Vaco SC, LLC regarding the North Charleston plant, including any control and/or duties Meadwest Vaco SC, LLC had at the North Charleston plant in 2016.
10. All documents that represent, refer or describe to the relationship between this Defendant and Colgen South, LLC regarding the North Charleston plant, including any control and/or duties Colgen South, LLC had at the North Charleston plant in 2016.
11. All documents that represent, refer or describe to the relationship between Kapstone Charleston Kraft, LLC and Colgen South, LLC regarding the North Charleston plant, including any control and/or duties Colgen South, LLC had at the North Charleston plant in 2016.
12. All documents that represent, refer or describe to the relationship between this Defendant and Colgen Properties, LLC regarding the North Charleston plant, including any control and/or duties Colgen Properties, LLC had at the North Charleston plant in 2016.
13. All documents that represent, refer or describe to the relationship between Kapstone Charleston Kraft, LLC and Colgen Properties, LLC regarding the North Charleston plant, including any control and/or duties Colgen Properties, LLC had at the North

- Charleston plant in 2016.
14. All documents that refer, relate or represent to any and all duties of management personnel of this Defendant in the North Charleston plant.
 15. All documents that refer, relate or represent to any and all duties of employees of this Defendant in the North Charleston plant.
 16. All documents related to any employees and/or management personnel of this Defendant who have duties in the North Charleston plant, including but not, limited to operations and/or safety.
 17. All documents that refer or relate to an and all employees of a Kapstone entity, other than Kapstone Charleston Kraft, LLC, which have duties associated to Kapstone Charleston Kraft, LLC and/or the North Charleston plant.
 18. All documents that refer, relate or represent the corporate relationship between Kapstone Paper and Packaging Corporation, Kapstone Kraft Paper Corporation and Kapstone Charleston Kraft, LLC.
 19. All documents that refer, relate or represent the duties and responsibilities of officers and directors of Kapstone Paper and Packaging Corporation, Kapstone Kraft Paper Corporation and Kapstone Charleston Kraft, LLC.
 20. All documents that represent the internal corporate/partnership structure, hierarchy, organization, and policies and procedures of this Defendant, including but not limited to:
 - a. Directors/officers/employees;
 - b. Property ownership;
 - c. Business departments/division;
 - d. Stock/unit interest ownership;
 - e. Financial statements and tax returns;
 - f. Capital expenditures/budgeting;
 - g. Financing;
 - h. Computer, communications, and information technology (IT) systems;
 - i. Accounting systems;
 - j. Payroll systems;
 - k. Safety policies and procedures;
 - l. Employee training policies and procedures;
 - m. Employee hiring policies and procedures;
 - n. Director, member, officer, employee and contractor policies and procedures
 - o. Regulatory compliance;
 - p. Communications/filing with the United States Securities and Exchange Commission;
 - q. Communications with shareholders and/or unit interest owners.
 21. All documents Kelly Hulseman relied upon in drafting and formulating the statements made in his affidavit signed Kelly Hulseman.
 22. Documents that refer, relate or represent to the current officer(s), director(s), committee member(s), board member(s) or other management level individual(s) for

- Kapstone Paper and Packaging Corporation, Kapstone Kraft Paper Corporation and Kapstone Charleston Kraft, LLC, and the duties and/or tasks of such individual.
23. All documents that refer, relate or represent the individuals who hired, signed contract(s) and/or regularly interacted (including but not limited to communications) with Kapstone Charleston Kraft, LLC regarding the North Charleston plant, including each named individual's employer, title, hire date and their duties, but who were not employees of Kapstone North Charleston Kraft, LLC.
 24. Any and all communications between this Defendant and Kapstone Charleston Kraft, LLC regarding the payment of workers compensation insurance, and any related benefits for a period of 2006 to present.
 25. Any and all communications between this Defendant and Kapstone Charleston Kraft, LLC regarding the securing of workers compensation insurance, and any related benefits for a period of 2006 to present.
 26. A copy of any workers compensation insurance policy that covers the underlying accident in question for Plaintiffs.
 27. Any and all communications between this Defendant and any workers compensation carrier, plan administrator or third party responsible for managing Plaintiffs workers compensation claims made in association with the underlying incident.
 28. Copies of any payments, checks, or wires made by this Defendant for workers compensation insurance and/or benefits paid on behalf of Plaintiffs for a period of 2006 to present.
 29. All documents that support your contention "KPPC is the corporate parent and owner of 100% of the stock of all Kapstone entities, including KK and Kasptone Charleston." *See* Defendants Amended Motion to Dismiss.
 30. All documents that support your contention that Kapstone Charleston "relies on KPPC for its business operations." *See* Defendants Amended Motion to Dismiss.
 31. Any and all documents that support your contention "many of their employment benefits (retirement, health insurance, life insurance, disability insurance and workers compensation coverage) are paid directly by KPPC." *See* Defendants Amended Motion to Dismiss.
 32. All communications between this Defendant and Sentry Insurance Company regarding the workers compensation insurance policy, benefits, distribution of benefits, and/or payments made to their Plaintiff in the past 5 years.
 33. Any and all documents that support your contention that this Defendant is the "statutory employer" of Plaintiffs.
 34. The members of the investigation team assembled by Kapstone associated to accident, and who appointed each member of such team.
 35. The hierarchy of the Kapstone investigation team associated to the North Charleston facility accident, and which entity and/or individual(s) the investigation team reported to.
 36. Meetings (including in person, telephone and/or conference calls) between any employee or representative of this Defendant, and Kapstone North Charleston Kraft, LLC regarding the North Charleston plant.
 37. Evidence and details to support your statement that "Kapstone Charleston is not an

- independent entity, and relies on KPPC for its business operations.”
38. All benefits claimed to have been provided to Plaintiffs, including the source of such benefits.
 39. Safety program developed and implemented by this Defendant.
 40. Any and all safety reviews, hazard analysis, annual inspections or other routine inspection or review by the Defendant to the North Charleston facility for the past 10 years.
 41. All communicators between this Defendant and Kapstone Charleston Kraft, LLC regarding safety or operations for the past 10 years.
 42. All communicators between this Defendant and the North Charleston facility regarding safety or operations for the past 10 years.
 43. All communicators between this Defendant and Kapstone Charleston Kraft, LLC regarding policies and procedures for the past 10 years.
 44. All communicators between this Defendant and the North Charleston facility regarding policies and procedures for the past 10 years.
 45. Any and all documents, invoices, checks or other records representing payment of salary and/or compensation to Plaintiffs for the past 10 years.
 46. Copies of the complete employee file for Plaintiffs.
 47. Copies of each and every employment agreement for each Plaintiff for the past 10 years.
 48. Communications between this Defendant and the Occupational Health and Safety Administration (“OHSA”) related to the incident made the basis of this lawsuit, any investigation associated to this incident and any violation or fine issued by OHSA.
 49. Copies of all issued and outstanding stock, interest and/or shares of Kapstone Charleston Kraft, LLC.
 50. Copies of all issued and outstanding stock, interest and/or shares of Kapstone Kraft Paper Corporation.
 51. Copies of all documents the list, describe refer or related to all management, managers, governing body and/or board of directors for this Defendant from 2010 to present.
 52. All documents that refer or represent the location of each manager, member or board of director for this Defendant from 2010 to present.
 53. Copies of all documents the list, describe refer or related to all management, managers governing body and/or board of directors for Kapstone Charleston Kraft, LLC from 2010 to present.
 54. All documents that refer or represent the location of each manager, member or board of director for Kapstone Charleston Kraft, LLC from 2010 to present.
 55. All documents that refer or represent to the bank accounts of this Defendants for a period of 2010 to present.
 56. All documents that refer or represent to the bank accounts of Kapstone Charleston Kraft, LLC for a period of 2010 to present.
 57. Copies of all taxes returns or filings by this Defendant from 2010 to present
 58. Copies of all taxes returns or filings by Kapstone Charleston Kraft, LLC from 2010 to present

59. All documents that refer or represent to the books and/or operating accounts of this Defendant for a period of 2010 to present.
60. All documents that refer or represent to the books and/or operating accounts of Kapstone Charleston Kraft, LLC for a period of 2010 to present.
61. All documents that refer or represent payroll records of this Defendant for a period of 2010 to present.
62. All documents that refer or represent payroll records of Kapstone Charleston Kraft, LLC for a period of 2010 to present.
63. A copy of your complete investigation file for the underlying incident.
64. Copies of any and all communications between this Defendant, and either the North Charleston plant and/or Kapstone Charleston Kraft, LLC regarding any investigation into the underlying incident.
65. Copies of all documents that refer, relate or represent any determination of cause, root cause and/or contributing factor into the underlying incident.
66. Copies of any and all contracts between this Defendant and Kapstone Charleston Kraft, LLC relating to the operation, management, control or ownership of the North Charleston Plant.
67. Copies of any and all communications between this Defendant, and either the North Charleston plant and/or Kapstone Charleston Kraft, LLC regarding this litigation.
68. Copies of any and all communications between this Defendant, and either the North Charleston plant and/or Kapstone Charleston Kraft, LLC regarding this lawsuit.
69. Copies of any and all communications between this Defendant, and either the North Charleston plant and/or Kapstone Charleston Kraft, LLC regarding any named Plaintiff.
70. Copies of all documents you rely upon in supporting your Motion to Dismiss.
71. Copies of all contracts in effect on the date of the underlying incident between this Defendant and any other named Defendant in this case.

EXHIBIT

“E”



Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF
DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT
COPY OF THE CERTIFICATE OF INCORPORATION OF "KAPSTONE KRAFT
PAPER CORPORATION", FILED IN THIS OFFICE ON THE TWENTY-FIFTH
DAY OF MAY, A.D. 2006, AT 3:38 O'CLOCK P.M.



4165052 8100
SR# 20177004700

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JB", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Authentication: 203542473
Date: 11-08-17

KAPSTONE-000260

CERTIFICATE OF INCORPORATION
OF
KAPSTONE KRAFT PAPER CORPORATION

THE UNDERSIGNED, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the General Corporation Law of the State of Delaware, as amended to date, does hereby certify as follows:

FIRST: The name of the corporation is Kapstone Kraft Paper Corporation.

SECOND: The registered office of the corporation is to be located at 1209 Orange Street, Corporation Trust Center, in the City of Wilmington, in the County of New Castle, in the State of Delaware (19801). The name of its registered agent at that address is The Corporation Trust Company.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware, as amended to date.

FOURTH: The total number of common shares of stock which the corporation is authorized to issue is 1,000 and the par value of each of such share is \$.01.

FIFTH: The name and address of the Sole Incorporator are as follows:

Katharine E. Seidelman
7800 Sears Tower
Chicago, Illinois 60606

SIXTH: The number of directors of the corporation shall be such as from time to time shall be fixed by, or in the manner provided in, the by-laws. Election of directors need not be by ballot unless the by-laws so provide.

SEVENTH: To the fullest extent that the general corporate law of the State of Delaware, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, no director of the corporation shall be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. No amendment to or repeal of this Article shall apply to or have any effect on liability or alleged liability of any director of the corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

EIGHTH: The Board of Directors shall have power without the assent or vote of the stockholders to make, alter, amend, change, add to or repeal the by-laws of the corporation.

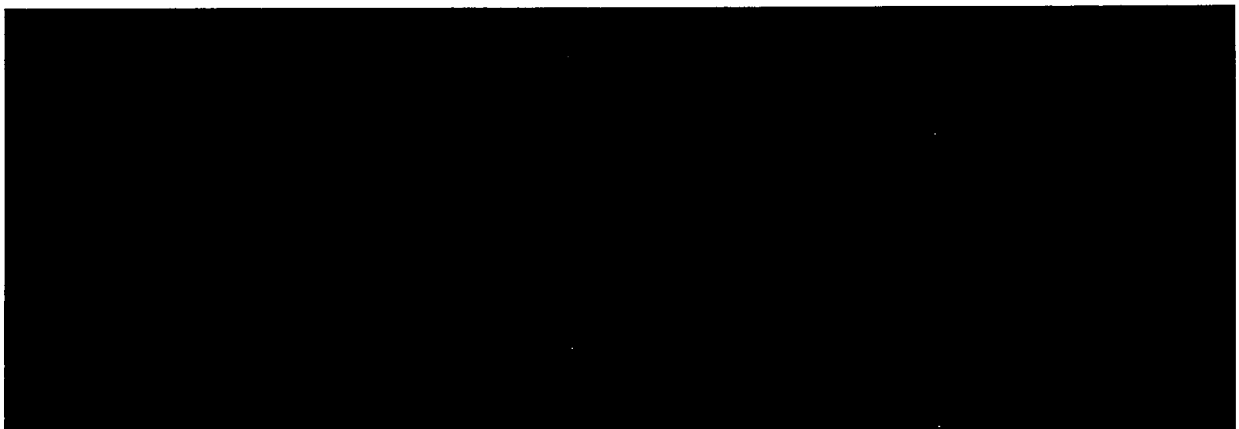
NINTH: The corporation is to have perpetual existence.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of May, 2006.

/s/ Katharine E. Seidelman
Katharine E. Seidelman, Sole Incorporator

EXHIBIT

“F”





KAPSTONE CHARLESTON KRAFT LLC

Notes: This online database was last updated on 6/1/2016 3:07:38 AM.

See our Disclaimer.

DOMESTIC / FOREIGN:

Domestic

STATUS:

RES

STATE OF INCORPORATION

SOUTH CAROLINA

/ ORGANIZATION:

Profit

REGISTERED AGENT INFORMATION

REGISTERED AGENT NAME:

NAME RESERVATION

ADDRESS:

CITY:

STATE:

SC

ZIP:

SECOND ADDRESS:

FILE DATE:

04/25/2008

EFFECTIVE DATE:

04/25/2008

DISSOLVED DATE:

//

Corporation History Records

CODE	FILE DATE	COMMENT	Document
Reservation	04/25/2008	RESERVED BY-CORPORATION SERVICE COMPANY-IL	

Disclaimer: The South Carolina Secretary of State's Business Filings database is provided as a convenience to our customers to research information on business entities filed with our office. Updates are uploaded every 48 hours. Users are advised that the Secretary of State, the State of South Carolina or any agency, officer or employee of the State of South Carolina does not guarantee the accuracy, reliability or timeliness of such information, as it is the responsibility of the business entity to inform the Secretary of State of any updated information. While every effort is made to insure the reliability of this information, portions may be incorrect or not current. Any person or entity who relies on information obtained from this database does so at his own risk.

EXHIBIT

“G”

CO. FILE DEPT. CLOCK VCHR. NO. 000
FYN 300107 003920 803 0000200409 1

KAPSTONE CHARLESTON KRAFT LLC
1101 SKOKIE BLVD.
SUITE 300
NORTHBROOK, IL 60062

Taxable Marital Status: Single
Exemptions/Allowances:
Federal: 0
SC: 0

Earnings Statement

Period Beginning: 05/09/2016
Period Ending: 05/15/2016
Pay Date: 05/20/2016

00000000397

JACQUE L LUCAS
1760 HWY 45
PINEVILLE SC 29468

Earnings	rate	hours	this period	year to date
Regular	29.4200	32.00	941.44	20,476.32
Overtime 1.50	44.1300	7.00	308.91	7,696.29
Floating Holiday	29.4200	8.00	235.36	706.08
Ot Shift 3/C	29.4200	1.50	66.98	424.22
Gift Card				165.71
Holdover				91.79
Holdover Guar				29.42
Holiday				470.72
Ot Shift 2/B				933.03
Reg Shift 2/B				236.96
Reg Shift 3/C				238.16
Vacation				1,323.90
Gross Pay			\$1,552.69	32,792.60

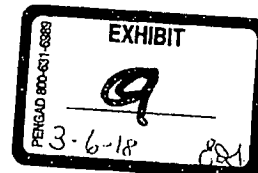
Other	this period
Gift Card	
Purchase Nbr1	
Net Pay	\$832.76
Checking 1	-25.00
Checking 2	-782.76
Checking 3	-25.00
Net Check	\$0.00

* Excluded from federal taxable wage

Your federal taxable wages this period
\$1,318.61

Deductions	Statutory	
	Federal Income Tax	-237.52
	Social Security Tax	-87.53
	Medicare Tax	-20.47
	SC State Income Tax	-86.53
	Other	
	Dental	-6.97*
	Medical	-129.82*
	Rental Unif	-7.00
	Udues 508	-21.64
	Union Ltd	25.16
	Vision	-4.13*
	401-K	-93.16*
		1,957.63

Other Benefits and Information	this period
401K Match	62.11



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TEAR HERE

1. VERIFY DOCUMENT AUTHENTICITY. COLORED AREA MUST CHANGE IN TONE GRADUALLY AND EVENLY FROM DARK AT TOP TO LIGHTER AT BOTTOM.

KAPSTONE CHARLESTON KRAFT LLC
1101 SKOKIE BLVD.
SUITE 300
NORTHBROOK, IL 60062

Deposited to the account of
JACQUE L LUCAS

Bank of America
81 West 6th St
Los Angeles, CA 90057

VOID AFTER 180 DAYS

Advice number: 00000200409
Pay date: 05/20/2016

account number: xxxxx1602
xxxxxx4291
xx0763

Transit ABA: xxxx xxxx
xxxx xxxx
xxxx xxxx

NON-NEGOTIA

IF THE ORIGINAL DOCUMENT HAS AN ARTIFICIAL WATERMARK ON THE BACK, IT SHOULD BE AT AN ANGLE TO VIEW WHEN CHECKING THE ENDORSEMENT.

EXHIBIT

“H”

2016 W-2 and EARNINGS SUMMARY

Employee Reference Copy		2016	
W-2 Wage and Tax Statement		ONR No. 1545-0008	
d Control number	Dept.	Corp.	Employer use only
390107	CHIC/FYN	003920	L 374
c Employer's name, address, and ZIP code			
KAPSTONE CHARLESTON KRAFT LLC 1101 SKOKIE BLVD STE 300 NORTHBROOK IL 60062			
Batch #02323			
e/f Employee's name, address, and ZIP code			
JACQUE L LUCAS 1760 HWY 45 PINEVILLE SC 29468			
b Employer's FED ID number	a Employer's SSA number		
26-2582068			
1 Wages, tips, other comp.	2 Federal income tax withheld		
30697.64	5740.25		
3 Social security wages	4 Social security tax withheld		
32862.46	2037.47		
5 Medicare wages and tips	6 Medicare tax withheld		
32862.46	476.51		
7 Social security tips	8 Allocated tips		
Verification Code B818-262E-70E7-17FF			
11 Nonqualified plans			
12a See instructions for box 12			
D1 2164.82			
12b DD 25315.91			
12c			
12d			
13 Stat emp Ret plan 3rd party sick pay			
X			
15 State Employer's state ID no.	16 State wages, tips, etc.		
SC 255252684	30697.64		
17 State income tax	18 Local wages, tips, etc.		
2021.86			
19 Local income tax	20 Locality name		

This blue Earnings Summary section is included with your W-2 to help describe portions in more detail. The reverse side includes general information that you may also find helpful.

1. The following information reflects your final 2016 pay stub plus any adjustments submitted by your employer.

Gross Pay	36245.64	Social Security Tax Withheld Box 4 of W-2	2037.47	SC, State Income Tax Box 17 of W-2 SUI/SDI Box 14 of W-2	2021.86
Fed. Income Tax Withheld Box 2 of W-2	5740.25	Medicare Tax Withheld Box 6 of W-2	476.51		

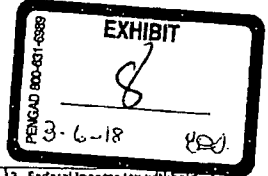
2. Your Gross Pay was adjusted as follows to produce your W-2 Statement.

Gross Pay	Wages, Tips, other Compensation Box 1 of W-2	Social Security Wages Box 3 of W-2	Medicare Wages Box 5 of W-2	SC, State Wages, Tips, Etc. Box 16 of W-2
36,245.64	36,245.64	36,245.64	36,245.64	36,245.64
Less 401(k) (D-Box 12)	2,164.82	N/A	N/A	2,164.82
Less Other Cafe 125	3,383.18	3,383.18	3,383.18	3,383.18
Reported W-2 Wages	30,697.64	32,862.46	32,862.46	30,697.64

3. Employee W-4 Profile. To change your Employee W-4 Profile Information, file a new W-4 with your payroll dept.

JACQUE L LUCAS
1760 HWY 45
PINEVILLE SC 29468

Social Security Number
Taxable Marital Status:
Exemptions/Allowances:
FEDERAL: 0
STATE: 0



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1 Wages, tips, other comp.	2 Federal income tax withheld
30697.64	5740.25
3 Social security wages	4 Social security tax withheld
32862.46	2037.47
5 Medicare wages and tips	6 Medicare tax withheld
32862.46	476.51
d Control number	Dept.
390107	CHIC/FYN
Corp.	Employer use only
	L 374
c Employer's name, address, and ZIP code	
KAPSTONE CHARLESTON KRAFT LLC 1101 SKOKIE BLVD STE 300 NORTHBROOK IL 60062	
b Employer's FED ID number	a Employer's SSA number
26-2582068	
7 Social security tips	8 Allocated tips
Verification Code B818-262E-79E7-17FF	
11 Nonqualified plans	
12a See instructions for box 12	
D1 2164.82	
12b DD 25315.91	
12c	
12d	
13 Stat emp Ret plan 3rd party sick pay	
X	
e/f Employee's name, address and ZIP code	
JACQUE L LUCAS 1760 HWY 45 PINEVILLE SC 29468	
15 State Employer's state ID no.	16 State wages, tips, etc.
SC 255252684	30697.64
17 State income tax	18 Local wages, tips, etc.
2021.86	
19 Local income tax	20 Locality name
Federal Filing Copy	
W-2 Wage and Tax 2016	
Statement	
Copy 2 to be filed with employee's Federal Income Tax Return.	

1 Wages, tips, other comp.	2 Federal income tax withheld
30697.64	5740.25
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32862.46	2037.47
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Corp.	Employer use only
	L 374
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KAPSTONE CHARLESTON KRAFT LLC 1101 SKOKIE BLVD STE 300 NORTHBROOK IL 60062	
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26-2582068	
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Verification Code B818-262E-79E7-17FF	
11 Nonqualified plans	
12a See instructions for box 12	
D1 2164.82	
12b DD 25315.91	
12c	
12d	
13 Stat emp Ret plan 3rd party sick pay	
X	
e/f Employee's name, address and ZIP code	
JACQUE L LUCAS 1760 HWY 45 PINEVILLE SC 29468	
15 State Employer's state ID no.	16 State wages, tips, etc.
SC 255252684	30697.64
17 State income tax	18 Local wages, tips, etc.
2021.86	
19 Local income tax	20 Locality name
SC, State Reference Copy	
W-2 Wage and Tax 2016	
Statement	
Copy 2 to be filed with employee's Federal Income Tax Return.	

1 Wages, tips, other comp.	2 Federal income tax withheld
30697.64	5740.25
3 Social security wages	4 Social security tax withheld
32862.46	2037.47
5 Medicare wages and tips	6 Medicare tax withheld
32862.46	476.51
d Control number	Dept.
390107	CHIC/FYN
Corp.	Employer use only
	L 374
c Employer's name, address, and ZIP code	
KAPSTONE CHARLESTON KRAFT LLC 1101 SKOKIE BLVD STE 300 NORTHBROOK IL 60062	
b Employer's FED ID number	a Employer's SSA number
26-2582068	
7 Social security tips	8 Allocated tips
Verification Code B818-262E-79E7-17FF	
11 Nonqualified plans	
12a See instructions for box 12	
D1 2164.82	
12b DD 25315.91	
12c	
12d	
13 Stat emp Ret plan 3rd party sick pay	
X	
e/f Employee's name, address and ZIP code	
JACQUE L LUCAS 1760 HWY 45 PINEVILLE SC 29468	
15 State Employer's state ID no.	16 State wages, tips, etc.
SC 255252684	30697.64
17 State income tax	18 Local wages, tips, etc.
2021.86	
19 Local income tax	20 Locality name
Federal Filing Copy	
W-2 Wage and Tax 2016	
Statement	
Copy 2 to be filed with employee's Federal Income Tax Return.	

Subject to Confidentiality Agreement

Instructions for Employee

Box 1. Enter this amount on the wages line of your tax return.

Box 2. Enter this amount on the federal income tax withheld line of your tax return.

Box 5. You may be required to report this amount on Form 8959, Additional Medicare Tax. See the Form 1040 instructions to determine if you are required to complete Form 8959.

Box 6. This amount includes the 1.45% Medicare Tax withheld on all Medicare wages and tips shown in box 5, as well as the 0.9% Additional Medicare Tax on any of those Medicare wages and tips above \$200,000.

Box 8. This amount is not included in boxes 1, 3, 5, or 7. For information on how to report tips on your tax return, see your Form 1040 instructions.

You must file Form 4137, Social Security and Medicare Tax on Unreported Tip Income, with your income tax return to report at least the allocated tip amount unless you can prove that you received a smaller amount. If you have records that show the actual amount of tips you received, report that amount even if it is more or less than the allocated tips. On Form 4137 you will calculate the social security and Medicare tax owed on the allocated tips shown on your Form(s) W-2 that you must report as income and on other tips you did not report to your employer. By filing Form 4137, your social security tips will be credited to your social security record (used to figure your benefits).

Verification Code. If this field is populated, enter this code when it is requested by your tax return preparation software. It is possible your software or preparer will not request the code. The code is not entered on paper-filed returns.

Box 10. This amount includes the total dependent care benefits that your employer paid to you or incurred on your behalf (including amounts from a section 125 (cafeteria) plan). Any amount over \$5,000 is also included in box 1. Complete Form 2441, Child and Dependent Care Expenses, to compute any taxable and nontaxable amounts.

Box 11. This amount is (a) reported in box 1 if it is a distribution made to you from a nonqualified deferred compensation or nongovernmental section 457(b) plan or (b) included in box 3 and/or 6 if it is a prior year deferral under a nonqualified or section 457(b) plan that became taxable for social security and Medicare taxes this year because there is no longer a substantial risk of forfeiture of your right to the deferred amount. This box should not be used if you had a deferral and a distribution in the same calendar year. If you made a deferral and received a distribution in the same calendar year, and you are or will be age 62 by the end of the calendar year, your employer should file Form SSA-131, Employer Report of Special Wage Payments, with the Social Security Administration and give you a copy.

Box 12. The following list explains the codes shown in box 12. You may need this information to complete your tax return. Elective deferrals (codes D, E, F, and S) and designated Roth contributions (codes AA, BB, and EE) under all plans are generally limited to a total of \$18,000 (\$12,500 if you only have SIMPLE plans; \$21,000 for section 403(b) plans if you qualify for the 15-year rule explained in Pub. 571). Deferrals under code G are limited to \$18,000. Deferrals under code H are limited to \$7,000.

However, if you were at least age 50 in 2016, your employer may have allowed an additional deferral of up to \$6,000 (\$3,000 for section 401(k)(1) and 408(p) SIMPLE plans). This additional deferral amount is not subject to the overall limit on elective deferrals. For code G, the limit on elective deferrals may be higher for the last 3 years before you reach retirement age. Contact your plan administrator for more information. Amounts in excess of the overall elective deferral limit must be included in income. See the "Wages, Salaries, Tips, etc." line instructions for Form 1040.

Note: If a year follows code D through H, S, Y, AA, BB, or EE, you made a make-up pension contribution for a prior year(s) when you were in military service. To figure whether you made excess deferrals, consider these amounts for the year shown, not the current year. If no year is shown, the contributions are for the current year.

A—Uncollected social security or RRTA tax on tips. Include this tax on Form 1040. See "Other Taxes" in the Form 1040 instructions.

B—Uncollected Medicare tax on tips. Include this tax on Form 1040. See "Other Taxes" in the Form 1040 instructions.

C—Taxable cost of group-term life insurance over \$50,000 (included in boxes 1, 3 (up to social security wage base), and 5).

D—Elective deferrals to a section 401(k) cash or deferred arrangement. Also includes deferrals under a SIMPLE retirement account that is part of a section 401(k) arrangement.

E—Elective deferrals under a section 403(b) salary reduction agreement.

F—Elective deferrals under a section 408(k)(6) salary reduction SEP.

G—Elective deferrals and employer contributions (including nonselective deferrals) to a section 457(b) deferred compensation plan.

H—Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan. See "Adjusted Gross Income" in the Form 1040 instructions for how to deduct.

J—Nontaxable sick pay (information only, not included in boxes 1, 3, or 5).

K—20% excise tax on excess golden parachute payments. See "Other Taxes" in the Form 1040 instructions.

L—Substantiated employee business expense reimbursements (nontaxable).

M—Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (former employees only). See "Other Taxes" in the Form 1040 instructions.

N—Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (former employees only). See "Other Taxes" in the Form 1040 instructions.

P—Excludable moving expense reimbursements paid directly to employee (not included in boxes 1, 3, or 5).

Q—Nontaxable combat pay. See the instructions for Form 1040 or Form 1040A for details on reporting this amount.

R—Employer contributions to your Archer MSA. Report on Form 8853, Archer MSAs and Long-Term Care Insurance Contracts.

S—Employee salary reduction contributions under a section 408(p) SIMPLE plan (not included in box 1).

T—Adoption benefits (not included in box 1). Complete Form 8839, Qualified Adoption Expenses, to compute any taxable and nontaxable amounts.

V—Income from exercise of nonstatutory stock option(s) (included in boxes 1, 3 (up to social security wage base), and 5). See Pub. 525, Taxable and Nontaxable Income, for reporting requirements.

W—Employer contributions (including amounts the employee elected to contribute using a section 125 (cafeteria) plan) to your health savings account. Report on Form 8889, Health Savings Accounts (HSAs).

Y—Deferrals under a section 409A nonqualified deferred compensation plan.

Z—Income under a nonqualified deferred compensation plan that fails to satisfy section 409A. This amount is also included in box 1. It is subject to an additional 20% tax plus interest. See "Other Taxes" in the Form 1040 instructions.

AA—Designated Roth contributions under a section 401(k) plan.

BB—Designated Roth contributions under a section 403(b) plan.

DD—Cost of employer-sponsored health coverage. The amount reported with Code DD is not taxable.

EE—Designated Roth contributions under a governmental section 457(b) plan. This amount does not apply to contributions under a tax-exempt organization section 457(b) plan.

Box 13. If the "Retirement plan" box is checked, special limits may apply to the amount of traditional IRA contributions you may deduct. See Pub. 590-A, Contributions to Individual Retirement Arrangements (IRAs).

Box 14. Employers may use this box to report information such as state disability insurance taxes withheld, union dues, uniform payments, health insurance premiums deducted, nontaxable income, educational assistance payments, or a member of the clergy's parsonage allowance and utilities. Railroad employers use this box to report railroad retirement (RRTA) compensation, Tier 1 tax, Tier 2 tax, Medicare tax and Additional Medicare Tax. Include tips reported by the employee to the employer in railroad retirement (RRTA) compensation. **Note:** Keep Copy C of Form W-2 for at least 3 years after the due date for filing your income tax return. However, to help protect your social security benefits, keep Copy C until you begin receiving social security benefits, just in case there is a question about your work record and/or earnings in a particular year.

Department of the Treasury - Internal Revenue Service

NOTE: THESE ARE SUBSTITUTE WAGE AND TAX STATEMENTS AND ARE ACCEPTABLE FOR FILING WITH YOUR FEDERAL, STATE AND LOCAL/CITY INCOME TAX RETURNS.

This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.

IMPORTANT NOTE:

In order to insure efficient processing, attach this W-2 to your tax return like this (following agency instructions):

TAX RETURN	
THIS FORM W-2	OTHER W-2'S

Notice to Employee

Do you have to file? Refer to the Form 1040 instructions to determine if you are required to file a tax return. Even if you do not have to file a tax return, you may be eligible for a refund if box 2 shows an amount or if you are eligible for any credit.

Earned Income credit (EIC). You may be able to take the EIC for 2016 if your adjusted gross income (AGI) is less than a certain amount. The amount of the credit is based on income and family size. Workers without children could qualify for a smaller credit. You and any qualifying children must have valid social security numbers (SSNs). You cannot take the EIC if your investment income is more than the specified amount for 2016 or if income is earned for services provided while you were an inmate at a penal institution. For 2016 income limits and more information, visit www.irs.gov/efc. Also see Pub. 596, Earned Income Credit. Any EIC that is more than your tax liability is refunded to you, but only if you file a tax return.

Clergy and religious workers. If you are not subject to social security and Medicare taxes, see Pub. 517, Social Security and Other Information for Members of the Clergy and Religious Workers.

Corrections. If your name, SSN, or address is incorrect, correct Copies B, C, and 2 and ask your employer to correct your employment record. Be sure to ask the employer to file Form W-2c, Corrected Wage and Tax Statement, with the Social Security Administration (SSA).

to correct any name, SSN, or money amount error reported to the SSA on Form W-2. Be sure to get your copies of Form W-2c from your employer for all corrections made so you may file them with your tax return. If your name and SSN are correct but are not the same as shown on your social security card, you should ask for a new card that displays your correct name at any SSA office or by calling 1-800-772-1213. You also may visit the SSA at www.socialsecurity.gov.

Cost of employer-sponsored health coverage (if such cost is provided by the employer). The reporting in box 12, using code DD, of the cost of employer-sponsored health coverage is for your information only. The amount reported with code DD is not taxable.

Credit for excess taxes. If you had more than one employer in 2016 and more than \$7,347 in social security and/or Tier 1 railroad retirement (RRTA) taxes were withheld, you may be able to claim a credit for the excess against your federal income tax. If you had more than one railroad employer and more than \$4,321.80 in Tier 2 RRTA tax was withheld, you also may be able to claim a credit. See your Form 1040 or Form 1040A instructions and Pub. 505, Tax Withholding and Estimated Tax.

EXHIBIT

“I”

Business Entities Online

File, Search, and Retrieve Documents Electronically

KAPSTONE PAPER AND PACKAGING CORPORATION

Corporate Information

Entity Type: Corporation

Status: Forfeited

Domestic/Foreign: Foreign

Incorporated State: Delaware

Important Dates

Effective Date: 04/16/2013

Expiration Date: N/A

Term End Date: N/A

Dissolved Date: 06/16/2015

Registered Agent

Agent: CORPORATION SERVICE COMPANY

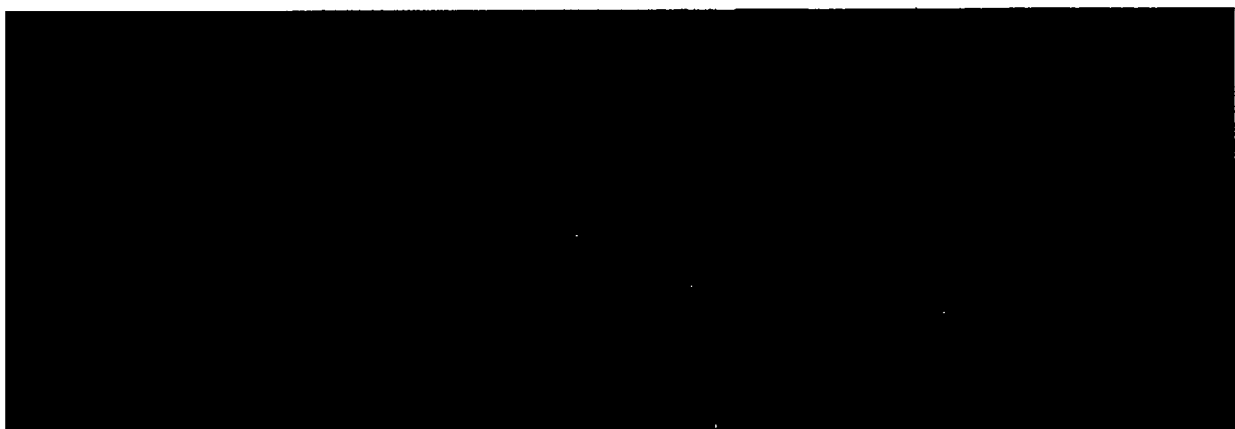
Address: 1703 LAUREL ST
COLUMBIA, South Carolina 29201

Official Documents On File

Filing Type	Filing Date
Forfeiture	06/16/2015
Authority	04/16/2013

EXHIBIT

“J”



Apr 24 2017

REFERENCE ID: 1704241453226


Mark Hammond
Secretary of State of South Carolina

150616-0297

Filed: 6/16/2015

KAPSTONE PAPER AND PACKAGING
CORPORATION

Filing Fee: \$0.00

Mark Hammond

South Carolina Secretary of State

**STATE OF SOUTH CAROLINA
SECRETARY OF STATE
COLUMBIA, SOUTH CAROLINA**

CERTIFICATE OF REVOCATION OF AUTHORITY

KAPSTONE PAPER AND PACKAGING CORPORATION
1101 SKOKIE BLVD STE 300
NORTHBROOK, IL 60062-4124

Date of Revocation of Authority:

JUN 16, 2015

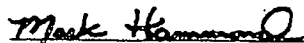
20516946

South Carolina Code of Laws §33-15-300 provides that the South Carolina Secretary of State's Office shall revoke the authority of a foreign corporation for the following reasons:

- (1) The foreign corporation does not deliver its annual report to the Department of Revenue when it is due;
- (2) The foreign corporation does not pay, when they are due, any franchise taxes, taxes payable under Chapter 7, of Title 12, or penalties imposed by this act or other law;
- (3) The foreign corporation is without a registered agent or registered office in this state;
- (4) The foreign corporation does not inform the Secretary of State under §33-15-108 or §33-15-109 that its registered agent or registered office has changed, that its registered agent has resigned, or that its registered office has been discontinued;
- (5) An incorporator, director, officer or agent of the foreign corporation signed a document he knew was false in any material respect with intent that the document be delivered to the Secretary of State for filing; or
- (6) The Secretary of State receives a duly authenticated certificate from the secretary of state or other official having custody of corporate records in the state or country under whose law the foreign corporation is incorporated stating that it has been dissolved or disappeared as the result of a merger.

Based on the records provided by the South Carolina Department of Revenue, it appears that after proper statutory notice, the above named corporation has failed to meet the requirements of (1) and/or (2) as set forth above.

Now therefore, under the authority of South Carolina Code of Laws §33-14-300, the certificate of authority for the above named foreign corporation is revoked as of the date of this Certificate of Revocation of Authority.



Mark Hammond

South Carolina Secretary of State

Inquiries concerning this administrative dissolution should be directed to the South Carolina Department of Revenue, Corporate Section, Columbia, SC 29214-0100 or call (803) 896-1730.

ADM. DISSOLUTION (SS-04)

Form Revised by South Carolina
Secretary of State, April 2008

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)
Jacque Lucas, Shirley Ann Lucas, and)
Daniel Simerly,)
Plaintiffs,)
vs.)
KapStone Paper and Packaging)
Corporation, KapStone Kraft Paper)
Corporation, Safway Group Holdings,)
LLC, Easy Way Insulation Co., Inc.,)
Sypris Technologies, Inc. f/k/a)
Tube-Turns Technologies, Inc.,)
Thompson Construction Group, Inc.,)
and Thompson Industrial Services, LLC,)
Defendants.)

IN THE COURT OF COMMON PLEAS
FOR THE NINTH JUDICIAL CIRCUIT
CIVIL ACTION #: 2017-CP-10-00838

**Defendants KapStone Paper and
Packaging Corporation and
KapStone Kraft Paper
Corporation's Supplemental
Memorandum in Support of
Rule 12(b)(1) Motion to Dismiss**

FILED
2018 AUG -6 PM 2:16
CLERK OF COURT
CHARLESTON

KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation (hereinafter, "Defendants" or "KapStone Defendants") hereby submit the affidavit of Mark Niehus and attached schedule of exhibits (collectively, **Exhibit 1**), for entry into the record, to support their second amended Rule 12(b)(1) motion to dismiss, filed with this Court on September 22, 2017.

INTRODUCTION

Plaintiffs Jacque Lucas and Daniel Simerly were injured while performing work for their employer KapStone Charleston Kraft, LLC ("KapStone Charleston"). They filed workers' compensation claims under the South Carolina Workers' Compensation Act ("Act") and have received over \$4 million in benefits thus far. Both claims remain open. In addition, Plaintiffs have asserted various tort claims against KapStone Charleston's two parent entities, Defendants KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation, and other

third parties unrelated to KapStone, seeking damages arising from their work-related injuries.¹ The Kapstone Defendants have moved to dismiss this case on the grounds that Plaintiffs' tort claims against the KapStone Defendants are barred as a matter of law by the Workers' Compensation Act's exclusivity rule and *Poch v. Bayshore Concrete Products*, 405 S.C. 359, 372-73, 747 S.E.2d 757, 764 (2013), which explains how and why this immunity extends to the KapStone Defendants. The affidavit of Mark Niehus, along with the documents referenced therein, are hereby submitted in further support of KapStone's motion to dismiss.

I. The Affidavit and Documents Support a Finding that the KapStone Defendants are Immune to Plaintiffs' Tort Claims in this Lawsuit Under South Carolina's Workers' Compensation Act

As discussed more thoroughly in the KapStone Defendants' first brief in support of their Rule 12(b)(1) motion to dismiss, the Plaintiffs' claims against the KapStone Defendant are barred by the exclusivity rule under *Poch*, and should therefore be dismissed. *See* Defs. KapStone Paper and Packaging Corp. and KapStone Kraft Paper Corp.'s Br. in Supp. of Rule 12(b)(1) Mot. to Dismiss and Mot. for Stay of Non-Jurisdictional Disc., pp. 6-8 (Sept. 22, 2017).

South Carolina's Workers' Compensation Act provides that where an applicable workers' compensation policy provides coverage for an employee's work-related injuries, recovery under the policy is the employee's exclusive remedy against his employer for such injuries.² *See* S.C. Code Ann. § 42-1-540 (1974). The Supreme Court of South Carolina held in *Poch v. Bayshore Concrete Products* that an employer's immunity under the Act will extend to the employer's parent corporations, if the employer and parent are "one economic entity for workers compensation

¹ Plaintiff Shirley Ann Lucas, Mr. Lucas's wife, brings a claim for loss of consortium against all Defendants. Her recovery against the KapStone Defendants is likewise barred under the exclusivity rule of the Workers' Compensation Act, because the exclusivity provision at issue covers spouses as well. *See* S.C. Code § 42-1-540; *Lowery v. Wade Hampton Co.*, 270 S.C. 194, 196-99, 241 S.E.2d 556, 557-58 (1978).

² The exclusivity rule also extends to persons who would have a private cause of action based on the same injuries. *See id.*

purposes.” 405 S.C. at 372-73, 747 S.E.2d at 764. *Poch* provides a non-exclusive list of factors to consider as to whether an employer’s immunity should be extended to its parent(s), including whether the entities: (1) have a common corporate identity, (2) share common Directors and Officers, (3) transact business from common locations, with shared management, (4) collectively hire and compensate employees, (5) hold themselves out to employees as related entities, (6) engage in similar business activities, (7) maintain common books, accounts, and payroll records, and (8) file a common tax return. *Id.*; 405 S.C. at 372-73, 747 S.E.2d at 764-65.

The KapStone Defendants are immune to Plaintiffs’ claims under the Act’s exclusivity rule, because, as illustrated by the documents listed in the schedule accompanying Mr. Niehus’ affidavit, the KapStone Defendants and KapStone Charleston are functionally and economically integrated. Mr. Niehus, KapStone Paper and Packaging Corporation’s Controller, is familiar with and has knowledge of these documents. The KapStone Defendants have offered Plaintiffs the opportunity to depose Mr. Niehus with regard to these materials, among other issues.

The documents listed in the schedule that accompanies Mr. Niehus’ affidavit show that the KapStone entities maintain a common corporate identity, are collectively engaged in the kraft paper industry, are governed by overlapping Boards of Directors, and operate under common corporate policies and practices, including policies as to employee benefits, entering contracts, leasing property, maintaining accounts and inventory, and various other shared functions. These documents also demonstrate that the KapStone entities’ books, bank accounts, and payroll are maintained and managed by KapStone Paper and Packaging Corporation, and that the federal tax filings for the KapStone entities at issue in this action are included in a single consolidated return.

Mr. Niehus' affidavit and the documents listed in the accompanying schedule have been produced to all parties to this action, and will be submitted to the Court in notebook form on or before the hearing on KapStone's motion.

Respectfully submitted,

BOWMAN AND BROOKE LLP

By: Derek D. Tarver
Richard H. Willis
S.C. Bar No. 6159
Richard.Willis@bowmanandbrooke.com
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1441 Main Street, Suite 1200
Columbia, SC 29201
Tel.: 803-726-7420
Fax: 803-726-7421

**Attorneys for Defendants KapStone Paper and
Packaging Corporation and KapStone
Kraft Paper Corporation**

This 1st day of August, 2018.

EXHIBIT 1

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)
Jacque Lucas, Shirley Ann Lucas and)
Daniel Simerly,)
Plaintiffs,)
vs.)
KapStone Paper and Packaging)
Corporation, KapStone Kraft Paper)
Corporation, Safway Group Holdings,)
LLC, Easy Way Insulation Co., Inc.,)
Sypris Technologies, Inc. f/k/a)
Tube-Turns Technologies, Inc.,)
Thompson Construction Group, Inc.)
and Thompson Industrial Services, LLC,)
Defendants.)

IN THE COURT OF COMMON PLEAS
FOR THE NINTH JUDICIAL CIRCUIT
CIVIL ACTION #: 2017-CP-10-00838

**AFFIDAVIT OF
MARK NIEHUS**

1. I, Mark Niehus, having first been duly sworn according to law, makes the following oath upon his personal knowledge, or where noted, is providing information as to matters known or reasonably available to KapStone Paper and Packaging Corporation, having been informed of the sources of information and having reviewed copies of the documents listed herein on the attached Schedule (Exhibit "A").
2. I am the Vice President and Controller for KapStone Paper and Packaging Corporation, and in such capacity, I have the authority to verify on behalf of KapStone that the records provided in response to Plaintiff's discovery requests in this matter are authentic.
3. These attached records are copies of original records maintained by KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation that have been provided in response to discovery requests in connection with the above-captioned matter.

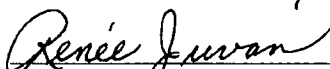
4. These records are maintained in the ordinary course and scope of regularly conducted business activities of KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation, and are prepared and maintained as a regular practice and custom.
5. The attached records were created, compiled and/or maintained by personnel of KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation, acting in the ordinary course of business, at or near the time of the activities reported thereon, by persons with knowledge of and a business duty to record and transmit accurate information pertaining to these matters.
6. To the extent that these documents include records provided by entities other than KapStone Paper and Packaging Corporation and/or KapStone Kraft Paper Corporation, such as KapStone's insurer, Sentry Insurance, or third-party vendors with whom the KapStone entities transact business, these records are received from these entities and maintained in the regular course of business by KapStone.
7. A schedule of said records I have reviewed and hereby declare to be authentic are appended hereto as Exhibit "A".

FURTHER AFFIANT SAITH NOT.



Mark Niehus

Sworn and subscribed to before me
This 13th day of July, 2018.


Notary Public

My commission expires: 7/29/2019

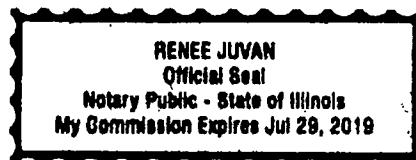


EXHIBIT A

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 000001	Kapstone Paper and Packaging Corporation Organization Chart	1, 2, 3, 4, 18, 20(c)	6	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000002- 000134	Kapstone Paper and Packaging Corporation 2016 10-K and Annual Report	20(a), 20(b), 20(c), 20(e), 20(f), 20(p), 20(q), 22, 29, 49, 50, 51, 52, 53, 57, 59	6, 7, 8, 10, 11, 12, 19, 20, 21, 25	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000135- 000148	Kapstone Paper and Packaging Corporation Charleston Mill Deed	4		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000149- 000192	Kapstone Paper and Packaging Corporation Benefits Overview	24, 25, 26, 31, 32	28	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000193- 000215	Kapstone Paper and Packaging Corporation Bylaws (08-11-2016)	14, 15, 16, 17, 19		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000216- 000259	Kapstone Paper and Packaging Corporation Handbook (01-27-2017)	14, 15, 16, 17, 19, 20(k), 20(l), 20(m), 20(n), 22	29	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000260- 000262	Kapstone Paper and Packaging Corporation Certificate of Incorporation (05-25-2006)	6, 18		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000263	Kapstone Charleston Kraft LLC Tax Parcel	4		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000264- 000265	Kapstone On-Site Service Terms and Conditions (06-06-2014)	20(k), 20(n)		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000266- 000270	Kapstone Entity Directors and Officers (02-14-2017)	14, 15, 16, 17, 19, 20(a), 22, 30, 51, 52, 53, 54		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 000271- 000272	Oak Acquisition LLC Articles of Organization (03-26-2008)	3, 7, 18	9	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000273- 000287	Oak Acquisition LLC Operating Agreement (03-26-2008)	3, 7, 18	9, 11, 12, 13	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000288- 000293	Stone Arcade Acquisition Corp. - Certificate of incorporation (04-15-2005)	6		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000294- 000311	Kelly Hulseman Affidavit and Exhibits (09-20-2017)	29, 30, 33, 37, 70	All	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000312- 000315	Jacque Lucas Claim # 55C277926	24, 25, 26, 27, 28, 29, 30, 31, 31 33, 37, 70	3, 4	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000316- 000319	Daniel Simerly Claim # 55C277929	24, 25, 26, 27, 28, 29, 30, 31, 31 33, 37, 70	3, 4	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000320- 000321	Kapstone Paper and Packaging Corporation Confirmation of Coverage	24, 25, 26, 27, 28, 29, 30, 31, 31 33, 37, 70		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000322- 000327	Kapstone Paper and Packaging Corporation Workers Compensation and Employers Liability Insurance Policy Information Page	24, 25, 26, 27, 28, 29, 30, 31, 31 33, 37, 70		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000328	Sentry Insurance Invoice to Kapstone Paper and Packaging Corporation regarding Insurance Coverage (10-09-2015)	24, 25, 26, 27, 28, 29, 30, 31, 31 33, 37, 70	4	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 000329- 000332	Kapstone Paper and Packaging Corporation Insurance Loss Payments Policy Year 2013-2016 (note: Claimant's names have been redacted)	24, 25, 26, 27, 28, 29, 30, 31, 31 33, 37, 70		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000333	Claim Number: 55C277926A Jacque Lucas Loss Date: 05-24-2016 Recoverable Deductible Losses through 08-31- 2017	24, 25, 26, 27, 28, 29, 30, 31, 31 33, 37, 70	5	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000334	Claim Number: 55C277929A Daniel Simerly Loss Date: 05-24-2016	24, 25, 26, 27, 28, 29, 30, 31, 31 33, 37, 70	5	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000335- 000337	Kapstone Paper and Packaging Corporation Record of Payment to ADP	20(i), 29, 30, 33, 37, 70		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000338	Summary Page form 8453- C United States Corporation Income Tax Declaration for IRS e-file Return (2015)	20(e), 29, 30, 33, 37, 70		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000339	Kapstone Paper and Packaging Bank Account Structure as of February 2017	29, 30, 33, 37, 55, 59, 70		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 000340- 000341	Limited Liability Company Operating Agreement of Oak Acquisition LLC	7, 29, 30, 33, 37, 70	9, 11, 12, 13	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000342	Representative Copy of Corporate Letterhead for Kapstone Paper and Packaging Corporation	29, 30, 33, 37, 70	27	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000343	Representative Intracompany Correspondence re Hiring for Kapstone Charleston Kraft LLC	20(m), 29, 30, 33, 37, 70	27, 28	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000344	Kapstone Charleston Kraft LLC Hiring letter to Jacque Lucas (02-04-2010)	29, 30, 33, 37, 70	27, 28	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000345- 000346	Kapstone Charleston Kraft LLC Hiring letter to Daniel Simerly (08-31- 2012)	29, 30, 33, 37, 70	27, 28	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000347	Kapstone Paper and Packaging Corporation Form 10-K (12-31-2016)	20(a), 20(b), 20(c), 20(e), 20(f), 20(p), 20(q), 22, 29, 30, 33, 37, 49, 50, 51, 52, 53, 57, 59, 70		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 000348	Kapstone Paper and Packaging Corporation Form 10-Q (06-31-2017)	20(a), 20(b), 20(c), 20(e), 20(f), 20(p), 20(q), 22, 29, 30, 33, 37, 49, 50, 51, 52, 53, 57, 59, 70		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000349- 000354	Examples of Payment of Accounts Receivable by Kapstone Paper and Packaging Corporation on behalf of Kapstone Charleston Kraft LLC	20(e), 29, 30, 33, 37, 70		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000355	Example of Corporate IT Communication for All Kapstone	20(h), 29, 30, 33, 37, 70		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000356	Kapstone Paper and Packaging Corporation Consolidated IT Budget	20(h), 29, 30, 33, 37, 70	30	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000357	Kapstone Paper and Packaging Consolidated IT Directory Users and Computers	20(h), 29, 30, 33, 37, 70	30	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000358- 000362	Kapstone Paper and Packaging Corporation Receivables Securitization Transaction Structure Chart	20(e), 29, 30, 33, 37, 70	18, 19, 20, 21	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000363	Kapstone Paper and Packaging Corporation Consolidating Balance Sheet for Period 2012-2015	20(e), 29, 30, 33, 37, 70		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 000364- 000372	Kapstone Kraft Paper Corporation KPM Reporting Roster	29, 30, 33, 37, 70		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000373	Kapstone Paper and Packaging Corporation Employees Located at Charleston	5, 29, 30, 33, 37, 70	15	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000374- 000375	Kapstone Kraft Paper Corporation Employees Located at Charleston	5, 29, 30, 33, 37, 70	16	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000376- 000383	Representative Employment Related Documentation for All Kapstone	29, 30, 33, 37, 70	28	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000384- 000402	Kapstone Paper and Packaging Corporation Group Health and Welfare Plan Effective 01-01-2015	25, 26, 29, 30, 33, 37, 70	18, 21, 22, 28	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000403- 000406	Kapstone Paper and Packaging Corporation 401(K) Plan	25, 26, 29, 30, 33, 37, 70	18, 21, 22, 28	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000407- 000408	Kapstone Paper and Packaging Corporation Invoice from Blue Cross Blue Shield of Illinois for Health Insurance Coverage Premium	25, 26, 29, 30, 33, 37, 70	18, 21, 22, 28	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 000409- 000411	Kapstone Paper and Packaging Corporation Health Coverage Payment Ledger	25, 26, 29, 30, 33, 37, 70	18, 21, 22, 28	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000412- 000413	Kapstone Paper and Packaging Premium Payment to Blue Cross Blue Shield of Illinois	25, 26, 29, 30, 33, 37, 70	18, 21, 22, 28	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000414- 000427	Kapstone Paper and Packaging Corporation Anti-Bribery Policy (Employee Handbook Coversheet)	14, 15, 16, 17, 19, 20(k), 20(l), 20(m), 20(n), 22, 29, 30, 33, 37, 70	28, 29	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000428	Kapstone Paper and Packaging Corporation IT- 1 Account Management Policy	20(h), 29, 30, 33, 37, 70	29	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000429- 000430	Dissolution Policy Excerpt from Oak Acquisition LLC Operating Agreement	29, 30, 33, 37, 70		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000431	Kapstone Paper and Packaging Corporation Trademark Acknowledgement (02-01-2016)	29, 30, 33, 37, 70	27	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000432	United States Patent and Trademark Office Registration (01-01-2007)	29, 30, 33, 37, 70	27	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000433- 000438	Pre-Hearing Brief – Simerly Workers Compensation File	24, 25, 26, 27, 28, 29, 31, 32		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 000439- 000578	Employer File Materials – Simerly Workers Compensation Claim	24, 25, 26, 27, 28, 29, 31, 32		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000579- 000679	Daniel Simerly Workers Compensation File	24, 25, 26, 27, 28, 29, 31, 32	3	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000680- 000705	Lucas Personnel File	46		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000706	Lucas SC Workers Comp Statement of Earnings of Injured Employee	45		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000707	Lucas Personal Data Change Form 9EBOYQ0000	46		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000708- 000711	Lucas Earnings Statement (05-01-2016)	45, 61, 62		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000712	2016-05-26 to 2016-05-31 Lucas Expense	45, 61, 62		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000713	2016-06-01 to 2016-06-06 Lucas Expense	45, 61, 62		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000714	2016-06-04 to 2016-06-10 Lucas Expense	45, 61, 62		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000715	2016-06-11 to 2016-06-17 Lucas Expense	45, 61, 62		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000716	2017-03-29 Correspondence to Lucas re disability coverage	45		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 000717	2017-05-16 Correspondence to Lucas re benefits coverage	45		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000718- 000719	Lucas 2016 W-2	45, 61, 62	3	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000720- 000751	Simerly Personnel File	46		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000752- 000755	Simerly Earnings Statement (05-01-2016)	45, 61, 62		KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000756- 000757	Daniel Simerly 2016 W-2	45, 61, 62	3	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (R. Riteska Found)
KAPSTONE - 000758- 000762	Kapstone Paper and Packaging Webpage: www.kapstonepaper.com/ corporate- overview/history/	20(q)	7, 27, 30	KapStone Responses to Plaintiffs' 3 rd RFP (2/19/18) (B&B Found)
KAPSTONE - 000763- 818	Labor Agreement between KCK & International Association of Machinists & Aerospace Workers	21, 23, 33, 47, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 000819- 996	2015 Labor Agreement between International Association of Machinists & Aerospace Workers and its Charleston Local Lodge No. 183 and KapStone Charleston Kraft LLC Charleston Plant, Effective June 29, 2015	21, 22, 33, 47, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 000997- 1116	KapStone Paper & Packaging Corporation Group Health & Welfare Plan – Summary Plan Description for Charleston Union Employees, Effective January 1, 2016	21, 31, 33, 38, 70	18, 21, 22, 28	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001117- 1143	KapStone Paper and Packaging Corporation Defined Benefit Retirement Plan for Charleston Bargained Employees, January 1, 2015	21, 31, 33, 38, 70	18, 21, 22, 28	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001144- 1174	KapStone Paper and Packaging Corporation 401 (K) Plan – Summary Plan Description for Charleston Union Employees, January 1, 2015	21, 31, 33, 38, 70	18, 21, 22, 28	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 001175- 1177	J. Lucas Benefits Coverage as of 12/31/2016	21, 28, 31, 33, 38, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001178- 1183	D. Simerly Benefits Coverage as of 12/31/2016	21, 28, 31, 33, 38, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001184- 1187	KapStone Entity Officers and Directors as of May 2016	19, 20(a), 21, 22, 33, 51, 53, 70	11, 12	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001188	List of KapStone Paper and Packaging employees located in Charleston, May 2016	5, 14, 15, 16, 17, 20(a), 20(c), 20(h), 21, 22, 33, 37, 51, 52, 53, 54, 70	15	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001189	List of KapStone Kraft Paper Corporation employees located in Charleston, May 2016	5, 14, 15, 16, 17, 20(a), 20(c), 20(h), 21, 22, 33, 37, 51, 52, 53, 54, 70	16	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001190	List of KapStone Charleston Kraft, LLC employees located in Northbrook, IL, May 2016	5, 14, 15, 16, 17, 20(a), 20(c), 20(h), 21, 22, 33, 37, 51, 52, 53, 54, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001191- 1207	Amended and Restated By-Laws of KapStone Paper and Packaging Corporation, effective May 2016	19, 20(a), 20(c), 20(d), 20(n), 21, 22, 33, 51, 53, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001208- 1222	By-Laws of KapStone Kraft Paper Corporation, effective May 2016	19, 20(a), 20(c), 20(d), 20(n), 21, 22, 33, 51, 53, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 001223- 1515	Sentry Workers Compensation and Employers Liability Insurance Policy— Entire Policy, effective in May 2016	21, 26, 31, 32, 33, 38, 70	4, 23	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001516- 1617	Workers Compensation and Employers Liability Insurance Policy, 7/1/16 – 7/1/17	21, 26, 31, 32, 33, 38, 70	4, 23	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001618- 1619	KapStone Paper and Packaging Corporation Workers Compensation Payment Schedule Reports, 2016	21, 28, 31, 33, 38, 70	4, 23	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001620- 1641	Summary of Daily Activity KCK Bank Account BOFAUSXXXXX XXXXXXXXXX5001	21, 33, 55, 56, 70	21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001642- 1888	KapStone Paper and Packaging Corporation and Subsidiaries 2016 Federal Tax Return, Entire	18, 20(e), 21, 33, 57, 58, 70	9, 18, 25	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001889- 01892	KapStone Paper and Packaging Corporation Credit Policy, Effective May 2016	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 22, 30, 33,	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 001893- 1895	KapStone Paper and Packaging Corporation Collection Policy, May 2016	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 22, 30, 33, 37, 43, 44, 59, 60, 70	18	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001896	Company Policy No. 30300 for Standard Costs for U.S. Pulp and Paper Mills, Effective 5/24/2004	14, 15, 17, 18, 20(a), 20(c), 20(f), 20(g), 20(i), 21, 30, 33, 37, 43, 44, 59, 60, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001897- 1898	Company Policy No. 30310 for Accounting, Controlling, and Reporting of Inventories Stored Off-Site Warehouse Locations, Effective 5/21/2004	14, 15, 17, 18, 20(a), 20(c), 20(n), 21, 33, 37, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001899	Company Policy No. 30340 for Cycle Counts and Physical Inventories, Effective 1/1/2011	14, 15, 17, 18, 20(a), 20(c), 20(n), 21, 33, 37, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001900	Company Policy No. 30350 – Accounting Policy for Alternative Fuel Mixture Tax Credit, Effective 1/29/2009 for Charleston and 2/14/2009 for Roanoke Rapids	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 33, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001901	Company Policy No. 30351 – Accounting Policy for Liquor Inventory for Charleston and Roanoke Rapids Paper Mills	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 33, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001902- 1909	Company Policy No. 30400 for Storeroom Assets, Effective 1/1/2010	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 33, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 001910- 1913	Company Policy No. 30500 for Periodic Physical Certification of Rolling and Non-Rolling Stock Fixed Assets, Effective 7/20/2004	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 33, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001914- 1917	Company Policy No. 30501 for Capitalization and Expensing of Expenditures for Fixed Assets, Effective 1/1/2011	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 33, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001918- 1920	Company Policy No. 30510 for Capitalization of Interest Cost, Effective 6/1/2012	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 33, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001921- 1923	Company Policy No. 30530 for Computer Software, Effective 9/2/2010	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(h), 20(i), 20(n), 21, 33, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001924- 1933	Company Policy No. 30600 for Leases – Long Term, Effective 3/29/2005	14, 15, 17, 18, 20(a), 20(b), 20(c), 20(e), 20(i), 20(n), 21, 33, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001934	Company Policy No. 30800 for Charges Related to Acquisition of Fixed Assets, Effective 1/1/2011	14, 15, 16, 18, 20(a), 20(b), 20(c), 20(e), 20(i), 20(n), 21, 33, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 001935- 1936	Company Policy No. 30820 for Project Managers' and Other Internal Costs, Effective 1/1/2011	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 33, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001937- 1939	Company Policy No. 31040 for Wood Fiber Procurement and Transfer, Effective 2/20/2004	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(f), 20(i), 20(n), 21, 33, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001940- 1942	Company/ Corporate Policy No. 31290 for Asset Retirement Obligations, Effective 6/4/2004	14, 15, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 33, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001943- 1944	KapStone Paper and Packaging Corporation Financial Derivatives Policy, Effective 2016	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 22, 30, 33, 37, 43, 44, 59, 60, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001945- 1946	KapStone Paper and Packaging Corporation Investment Policy, Effective 2016	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 22, 30, 33, 37, 43, 44, 59, 60, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 001947	Company Policy No. 6000 Revenue Recognition, Effective 6/30/2012	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 22, 30, 33, 37, 43, 44, 59, 60, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001948- 1949	Accounting for Trades and Longview, Effective 2016	20(a), 20(c), 20(e), 20(i), 20(n), 21, 33, 59, 70	18	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP
KAPSTONE - 001950- 1958	KapStone Paper and Packaging Corporation Amended and Restated 2009 Employee Stock Purchase Plan	18, 20(d), 21, 31, 32, 33, 38, 43, 44, 70	29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001959- 1963	KapStone Paper and Packaging Corporation Anti- Bribery Policy, Effective September 23, 2016	14, 15, 16, 17, 18, 20(a), 20(n), 21, 33, 43, 44, 70	29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001964- 1968	KapStone Paper and Packaging Antitrust Policy & Guidelines, Effective June 15, 2017	14, 15, 16, 17, 18, 20(a), 20(n), 21, 33, 43, 44, 70	29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001969- 1979	KapStone Paper and Packaging Corporation and its subsidiaries Legal Contract Review and Signing Authority Policy Revised November 2, 2015	14, 15, 16, 18, 20(a), 20(m), 20(n), 21, 23, 33, 43, 44, 70	14, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 001980- 1981	All KapStone & Subsidiaries Policy Service Organization Control Report Review (SOC-1) Issued 12/1/2014 and Revised 9/20/2016	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 22, 30, 33, 37, 43, 44, 59, 60, 70	29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001982- 1983	All KapStone & Subsidiaries Service Organization Control Report Review (SOC- 1) Issued 12/1/2014 and Revised 9/20/2016	14, 15, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 22, 30, 33, 37, 43, 44, 59, 60, 70	29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001984	All Container Division Plant Locations – KCC Pricing Controls for SOX OTC Issued and revised 9/20/2016	14, 15, 16, 17, 18, 20(a), 20(c), 20(e), 20(i), 20(n), 21, 22, 30, 33, 37, 43, 44, 59, 60, 70	29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001985- 1993	KapStone Paper and Packaging Corporation IT-3 Data Transmission Security for Population: All KapStone paper & Packaging, and Subsidiaries, Employees and Contractors, Effective 2016	14, 15, 16, 17, 18, 20(a), 20(h), 20(n), 21, 33, 43, 44, 70	29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 001994- 1996	KapStone Paper and Packaging Corporation Financial Accounting and Approval of Leases Policy, Effective 2016	14, 15, 16, 17, 18, 20(a), 20(b), 20(f), 20(n), 21, 33, 43, 44, 70	29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 001997- 2081	KapStone Paper and Packaging Corporation IT-1 Account Management Policy for Population: all KapStone Paper and Packaging, and Subsidiaries, Employees, Effective 2016	14, 15, 16, 17, 18, 20(a), 20(c) 20(h), 21, 33, 43, 44, 70	29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002082- 2094	KapStone Paper and Packaging Corporation Code of Conduct and Ethics Approved by Audit Committee & Nominating & Governance Committee, March 2015	14, 15, 16, 17, 18, 19, 20(a), 20(c), 20(l), 20(n), 20(o), 21, 22, 33, 43, 44, 70	29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002095- 2102	KapStone Paper and Packaging Roles and Responsibilities Corporate Governance Guidelines, Effective 2016	14, 15, 16, 17, 18, 19, 20(a), 20(l), 20(n), 20(o), 21, 22, 33, 43, 44, 70	12, 17	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002103	KapStone Paper and Packaging Corporation Environmental Policy, Effective 2016	14, 15, 16, 18, 19, 20(a), 20(n), 20(o) 21, 33, 43, 44, 70	29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 002104- 2106	KapStone Paper and Packaging Corporation Financial Accounting and Approval of Leases Policy, Effective 2016	14, 15, 16, 18, 20(a), 20(b), 20(c), 20(f), 20(g), 20(i), 20(n), 21, 33, 43, 44, 70	18, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002107- 2108	Global Sourcing Policy and Procedures No. 1006P-3 – Physical Inventory Procedures, Effective 4/30/2004	14, 15, 16, 18, 20(a), 20(n), 21, 33, 37, 43, 44, 70	29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002109- 2122	Company Policy No. 20115 for Travel and Entertainment, Effective 7/1/2004	14, 15, 16, 18, 20(a), 20(c), 20(e), 20(f), 20(i), 20(n), 21, 33, 43, 44, 70	29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002123	Hobgood Electric & Machinery Co., Inc. Invoice No. 0070357 to KapStone Charleston Kraft 3/17/2017 – Examples of Payments of Invoices	18, 20(a), 20(c), 20(e), 20(f), 20(g), 20(i), 20(n), 21, 33, 37, 70	21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002124	KapStone Paper and Packaging Corporation Check to HobGood Electric & Machinery 4/17/2017– Examples of Payments of Invoices	18, 20(a), 20(c), 20(e), 20(f), 20(g), 20(i), 20(n), 21, 33, 37, 70	21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 2125-2129	Example of KapStone Paper and Packaging Corporation paying KapStone Charleston Kraft LLC Invoice (2017-2018)	18, 20(a), 20(c), 20(e), 20(f), 20(g), 20(i), 20(n), 21, 33, 37, 70	21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002130-2139	Examples of KapStone Paper and Packaging Corporation payments to third party contractors	18, 20(a), 20(c), 20(e), 20(f), 20(g), 20(i), 20(n), 21, 33, 37, 70	21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002140-2159	KapStone Kraft Paper Corporation Contract for Services with Thompson Industrial Services (1/1/2014 – 12/31/2014)	18, 20(a), 20(c), 20(e), 20(f), 20(g), 20(i), 20(n), 21, 33, 37, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002160-2169	KapStone Kraft Paper Corporation Contract for Services with Thompson Industrial Services (5/27/2014)	18, 20(a), 20(c), 20(e), 20(f), 20(g), 20(i), 20(n), 21, 33, 37, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002170-2175	KapStone Kraft Paper Corporation Contract for Services with Thompson Industrial Services (9/19/2014)	18, 20(a), 20(c), 20(e), 20(f), 20(g), 20(i), 20(n), 21, 33, 37, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002176-2193	KapStone Kraft Paper corporation on behalf of itself and its Affiliates Master Services Agreement with Safway Services LLC – Agreement No. 0010243	18, 20(a), 20(c), 20(e), 20(f), 20(g), 20(i), 20(n), 21, 33, 37, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 002194- 2199	Longview Fibre Paper and Packaging, Inc. Supplier Confidentiality Agreement with Safway – Agreement No. 3576 CA	18, 20(a), 20(c), 20(e), 20(f), 20(g), 20(i), 20(n), 21, 33, 37, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 0002200- 2221	KapStone Charleston Kraft LLC Master Services Agreement with Safway Services, LLC	18, 20(a), 20(c), 20(e), 20(f), 20(g), 20(i), 20(n), 21, 33, 37, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002222- 2241	KapStone Kraft Paper corporation on behalf of itself and its Affiliates MasterServices Agreement with Easy Way Insulation	18, 20(a), 20(c), 20(e), 20(f), 20(g), 20(i), 20(n), 21, 33, 37, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002242	KapStone Paper and Packaging Corporation payment to DIR CAL OSHA – Department of Industrial Relations 07/29/2016 – Example of Payment of Fine by KPPC	20(f), 20(g), 20(i), 20(o), 21, 33, 37, 48, 70	21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002243- 2362	Receivables Purchase Agreement Among KapStone Receivables, LLC, as the Seller, KapStone Paper and Packaging Corporation, as the servicer, The Purchasers from Time to Time Party Hereto, and Wells Fargo Bank, N.A., as Administrative Agent, Effective 2016	20(i), 21, 33, 59, 60, 70	18, 19, 20, 21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 002363- 2383	Amendment No. 1 to Receivables Purchase Agreement (6/10/2015)	20(i), 21, 33, 59, 60, 70	18, 19, 20, 21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002384- 2394	Amendment No. 2 to Receivables Purchase Agreement (6/1/2016)	20(i), 21, 33, 59, 60, 70	18, 19, 20, 21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002395- 2404	Amendment No. 3 to Receivables Purchase Agreement (6/1/2017)	20(i), 21, 33, 59, 60, 70	18, 19, 20, 21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002405- 2451	Receivables Sale Agreement by and among KapStone Kraft Paper Corporation, KapStone Container Corporation, Longview Fibre Paper and Packaging, Inc., and KapStone Charleston Kraft LLC, <i>as the Originators</i> , KapStone Paper and Packaging Corporation, <i>as the Servicer</i> , and KapStone Receivables, LLC, <i>as the Buyer</i>	20(i), 21, 33, 59, 60, 70	18, 19, 20, 21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002452- 2464	Amendment No. 1 to Receivables Sale Agreement (6/10/2015)	20(i), 21, 33, 59, 60, 70	18, 19, 20, 21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002465- 2474	Amendment No. 2 to Receivables Sale Agreement (6/1/2016)	20(i), 21, 33, 59, 60, 70	18, 19, 20, 21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002475- 2488	Amendment No. 3 to Receivables Sale Agreement (2/21/2017)	20(i), 21, 33, 59, 60, 70	18, 19, 20, 21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 002489- 2490	Discount Factor Agreement made and entered by KapStone Receivables, LLC, "Buyer", KapStone Kraft Paper Corporation, KapStone Container Corporation, Longview Fibre Paper & Packaging, Inc., KapStone Charleston LLC, and Victory Packaging, LP, "Originators", Effective 2016	20(i), 21, 33, 59, 60, 70	18, 19, 20, 21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002491- 2508	Summary of KapStone Receivables LLC Account XXXXXX730 Depository and Account	18, 20(a), 20(e), 20(f), 20(g), 20(i), 21, 33, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002509	South Carolina Secretary of State Online Corporate Information for KapStone Paper and Packaging Corporation	1, 6, 20(a), 20(d), 21, 22, 33, 51, 53, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002510	KapStone Pay Group Listing Organizational Chart, Effective 2016	18, 20(a), 20(c), 20(e), 20(f), 20(g), 20(i), 20(j), 21, 30, 31, 33, 45, 55, 56, 59, 60, 61, 62 70	18, 19, 20, 21	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002511- 2513	KapStone Paper and Packaging Corporation Affiliations Schedule	18, 20(e), 21, 33, 57, 58, 70	18, 19, 20, 21, 26	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)
KAPSTONE - 002514- 2519	KapStone Paper and Packaging Corporation and its subsidiaries Legal Contract Review and Signing Authority Policy (Revised 2017)	14, 15, 16, 18, 20(a), 20(m), 20(n), 21, 23, 33, 43, 44, 70	24, 29	KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

Schedule to M. Niehus Affidavit

BATES No. RANGE:	DOCUMENT DESCRIPTION:	RESPONSIVE TO:	HULSEMAN AFFIDAVIT:	SOURCE:
KAPSTONE - 002520- 2522	Restated Certificate of Incorporation of KapStone Paper and Packaging Corporation	1, 6, 20(a), 20(d), 21, 22, 33, 51, 53, 70		KapStone 2 nd Supplemental Production to Plaintiffs' 3 rd RFP (3/20/18)

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)
)
Jacque Lucas, Shirley Ann Lucas and)
Daniel Simerly,)
)
Plaintiffs,)
)
vs.)
)
KapStone Paper and Packaging)
Corporation, KapStone Kraft Paper)
Corporation, Safway Group Holdings,)
LLC, Easy Way Insulation Co., Inc.,)
Sypris Technologies, Inc. f/k/a)
Tube-Turns Technologies, Inc.,)
Thompson Construction Group, Inc.)
and Thompson Industrial Services, LLC,)
)
Defendants.)

IN THE COURT OF COMMON PLEAS
FOR THE NINTH JUDICIAL CIRCUIT
CIVIL ACTION #: 2017-CP-10-00838

**Defendants KapStone Paper
and Packaging Corporation
and KapStone Kraft Paper
Corporation's SECOND
AMENDED Rule 12(b)(1)
Motion to Dismiss and Motion
for Stay of Discovery**

FILED
2017 SEP 22 PM 12:12
JULIE J. ARMSTRONG
CLERK OF COURT

Defendants KapStone Paper and Packaging Corporation ("KapStone Paper") and KapStone Kraft Paper Corporation ("KapStone Kraft") (collectively "KapStone Defendants"), through their attorneys, state the following:

1. The KapStone Defendants hereby file this amended Motion to make it clear that their Motion to Dismiss is based upon Rule 12(b)(1) of the South Carolina Rules of Civil Procedure.

2. Pursuant to the Workers' Compensation Act and governing case law, the Plaintiffs' sole and exclusive remedy against the KapStone Defendants is workers' compensation benefits. See S.C. Code §42-1-400; Poch v. Bayshore Concrete Products, 405 S.C. 359, 747 S.E.2d 757 (2013).

3. Plaintiffs are direct employees of KapStone Charleston Kraft LLC ("KapStone Charleston"). The KapStone Defendants are parent entities of KapStone Charleston.

4. Plaintiffs' direct employer, KapStone Charleston, is a limited-liability company wholly-owned by Defendant KapStone Kraft. Defendant KapStone Kraft is in turn wholly-owned by the ultimate parent, KapStone Paper.

5. As the parent entities of KapStone Charleston, the KapStone Defendants operate with KapStone Charleston as one economic unit in a single integrated business. The KapStone corporate group uses a common multi-entity corporate structure in which the ultimate parent provides shared financial and operational services and oversight to the operations of its wholly-owned subsidiaries, as is more fully explained in the brief and affidavit submitted herewith.

6. KapStone Paper is the policyholder and pays the premiums for the worker's compensation insurance policy that covers Plaintiffs. That policy has paid out over \$4,000,000 in benefits thus far on Plaintiffs' claims and the claims remain open. KapStone Paper also paid the \$250,000 deductible for those claims.

7. The KapStone Defendants and KapStone Charleston's day-to-day business operations are economically integrated: the entities use a single comprehensive accounting and cash management system, and Defendant KapStone Paper —the ultimate parent— collects all receivables derived from the operations of both KapStone Kraft and KapStone Charleston and pays all expenses for both.

8. In addition, the KapStone Defendants and KapStone Charleston share the same trademark, are jointly headquartered in the same location, have overlapping boards of directors and senior management, file consolidated tax returns, and use many of the same standard business documents.

9. Plaintiffs' only remedy against any KapStone entity, that being the recovery of workers' compensation benefits, has been provided in this case, and Plaintiffs' administrative remedies are being pursued and are ongoing. See S.C. Code §42-1-400. As such, this Court has no jurisdiction over this matter as to the KapStone Defendants. Poch v. Bayshore Concrete Products, 405 S.C. 359, 747 S.E.2d 757 (2013).

10. As the South Carolina Supreme Court stated in Poch, supra, "South Carolina Courts have repeatedly held that determination of the employer-employee relationship for workers compensation purposes is jurisdictional." Glass v. Dow Chemical Co., 325 S.C. 201, 482 S.E.2d 49 (1997). Accordingly, determination of this issue at the preliminary stages of this lawsuit by this Court is appropriate and required by applicable case law." Any doubts as to a worker's status should be resolved in favor of including him or her under the Workers Compensation Act." Posey v. Proper Mold & Engineering, Inc., 378 S.C. 210, 661 S.E.2d 395 (Ct. App. 2008).

11. Plaintiffs' claims against the KapStone Defendants are an improper end run around the Workers' Compensation Act, which establishes an exclusive remedy for an employee's work-related accident or injury. This exclusivity provision is designed "to balance the relative ease with which the employee can recover under the Act: the employee gets swift, sure compensation, and the employer received immunity from tort actions by the employee." Strickland v. Galloway, 348 S.C. 644, 646, 560 S.E.2d 448,

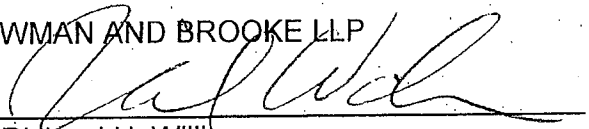
499 (Ct. App. 2002). This immunity should be broadly construed to effectuate the underlying policies served by the workers' compensation system, and cover not just direct employers, but also entities within a corporate family to the extent that they are part of an integrated economic unit with the direct-employer affiliate.

12. The KapStone Defendants respectfully request that this Court stay all discovery as to any issue not relating to this motion, and find that KapStone Paper and KapStone Kraft are entitled to the same workers' compensation immunity as its subsidiary, and dismiss this action as barred by the South Carolina Workers Compensation Act's exclusivity provision.

13. A brief in support of this motion, with accompanying affidavit, is submitted herewith.

This 20th day of September, 2017.

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**Attorneys for Defendants KapStone
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KapStone Kraft Paper Corporation**

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

Jacque Lucas, Shirley Ann Lucas, and
Daniel Simerly,

Plaintiffs,

vs.

KapStone Paper and Packaging
Corporation, KapStone Kraft Paper
Corporation, Safway Group Holdings,
LLC, Easy Way Insulation Co., Inc.,
Sypris Technologies, Inc. f/k/a
Tube-Turns Technologies, Inc.,
Thompson Construction Group, Inc.,
and Thompson Industrial Services, LLC,

Defendants.

IN THE COURT OF COMMON PLEAS

FOR THE NINTH JUDICIAL CIRCUIT

CIVIL ACTION #: 2017-CP-10-00838

**Defendants KapStone Paper and
Packaging Corporation and
KapStone Kraft Paper
Corporation's Brief in Support
of Their Rule 12(b)(1) Motion to
Dismiss and Motion for Stay of
Non-Jurisdictional Discovery**

INTRODUCTION

Plaintiffs Jacque Lucas and Daniel Simerly were injured while performing work for their employer KapStone Charleston Kraft, LLC ("KapStone Charleston") at its facility in Charleston. They filed workers' compensation claims under the South Carolina Workers' Compensation Act ("Act"), which have resulted in over \$4 million in benefits thus far. Both claims remain open. In spite of this, they filed suit in this Court against KapStone Charleston's two parent entities, Defendants KapStone Paper and Packaging Corporation ("KapStone Paper") and KapStone Kraft Paper Corporation ("Kapstone Kraft" together with KapStone Paper, the "KapStone Defendants"), as well as five other third parties unrelated to KapStone, raising a variety of tort claims and

claiming compensatory and punitive damages arising from the same injuries.¹

Plaintiffs' claims against the KapStone Defendants are an improper attempt to circumvent the Act and should be dismissed from this lawsuit. The Act establishes an exclusive remedy for an employee's work-related accident or injury. This exclusivity provision is designed "to balance the relative ease with which the employee can recover under the Act: the employee gets swift, sure compensation, and the employer receives immunity from tort actions by the employee." *Strickland v. Galloway*, 348 S.C. 644, 646–47, 560 S.E.2d 448, 449 (Ct. App. 2002). This immunity is broadly construed to effectuate the underlying policies served by the workers' compensation system, with the South Carolina Supreme Court making clear that it covers not just direct employers but also entities within a corporate family that are part of an integrated economic unit with the direct employer.

The KapStone Defendants are entitled to immunity from Plaintiffs' claims because the KapStone Defendants operate with KapStone Charleston as one economic unit in a single integrated business. That the entities are highly integrated is underscored by the fact that the KapStone Defendants and KapStone Charleston are all covered by the same workers' compensation insurance policy that applies to Plaintiffs' claims, and KapStone Paper procured and paid the premiums for the workers' compensation benefits Plaintiffs received here, totaling over \$3,500,000 to date. Indeed, KapStone Paper also paid for the applicable deductibles and has a statutory lien for this amount on any recovery that Plaintiffs might receive in this very action. More generally, as discussed in more detail below, their day-to-day business operations reflect a high

¹ Plaintiff Shirley Ann Lucas, Mr. Lucas's wife, brings a claim for loss of consortium against all Defendants. Her claims against the KapStone Defendants are likewise barred under the Act because the Act's exclusivity provision covers spouses as well. See S.C. Code § 42-1-540; *Lowery v. Wade Hampton Co.*, 270 S.C. 194, 196–99, 241 S.E.2d 556, 557–58 (1978).

degree of economic integration: the entities use a single comprehensive accounting and cash management system, and KapStone Paper—the ultimate parent—collects all receivables derived from the operations of both subsidiaries and pays all expenses for both subsidiaries. These three entities also share the same trademark, are jointly headquartered in the same location, have overlapping boards of directors and senior management, file consolidated tax returns, and use many of the same standard business documents.

Simply put, if this Court were to conclude that the KapStone Defendants are not immune from Plaintiffs' claims, it would be unprecedented. As far as undersigned counsel is aware, no South Carolina court has *ever* rejected a corporate parent's claim to immunity under the Act. That is hardly surprising, since refusing to apply the immunity doctrine here would thwart the objectives of the Act by allowing employees to obtain an impermissible double recovery—first from their direct employer through the Act and a second time from the corporate parents through the very civil litigation the Act was intended to avoid. The Court should not reward this tactic, which would undermine the workers' compensation system and encourage costly, unnecessary litigation in the future.

STATEMENT OF FACTS

The KapStone corporate group uses a common multi-entity corporate structure in which KapStone Paper, the ultimate parent, provides shared financial and operational services and oversight to the operations of its direct and indirect wholly-owned subsidiaries.² Plaintiffs' direct employer, KapStone Charleston, is a limited liability company wholly owned by Defendant

² This corporate structure is public information. As a publicly traded company whose stock trades on the New York Stock Exchange, KapStone Paper files an annual report with the United States Securities and Exchange Commission that explains this corporate structure. Those reports are available on the KapStone website. *See* KapStone, SEC Filings, <http://ir.kapstonepaper.com/phoenix.zhtml?c=190219&p=irol-sec> (last visited Sept. 18, 2017).

KapStone Kraft. (Hulseman Aff. ¶ 9.) KapStone Kraft is the sole managing member of KapStone Charleston and is wholly owned by KapStone Paper. (*Id.* ¶¶ 9–10.) KapStone Charleston and KapStone Kraft manufacture and sell certain paper products, including unbleached Kraft paper and containerboard. (*Id.* ¶ 7.)

As the ultimate parent to both entities, KapStone Paper does not manufacture or sell paper products itself. (*Id.* ¶ 8.) Instead, it provides strategic direction and shared services (*e.g.*, integrated accounting, payroll management, employee-benefit services, and the like) to KapStone Kraft and KapStone Charleston. (*Id.* ¶ 18.) Each of these three companies is a separate and distinct legal entity, but they all operate as part of one integrated business, as set forth in more detail below.

The KapStone Defendants and KapStone Charleston are all covered by the same insurance policies, which are procured, sponsored and paid for by KapStone Paper. (*Id.* ¶¶ 4, 23.) This includes the worker's compensation policy that applies to Plaintiffs' injuries at issue here, *Sentry Casualty Company Worker's Compensation and Employers Liability Insurance Policy # 90-16567-04 00 151* (the "Policy"). (*Id.* ¶ 4.) KapStone Paper is the policyholder and paid for the premiums for this Policy as well as the applicable \$250,000 deductible. (*Id.* ¶ 5.) Thus, far the Policy has paid over \$3,500,000 in benefits for Plaintiffs' injuries and the claims remain open and continue to accrue. (*Id.* ¶ 3)

On May 24, 2016, Plaintiffs Jacque Lucas and Daniel Simerly were injured while performing work at the facility for their direct employer, KapStone Charleston. They filed claims for workers' compensation benefits under the Act. Together, the claims have paid over \$4 million in benefits thus far. Both claims remain open, continue to incur costs, and are subject to ongoing adjudication in the workers' compensation forum. (*Id.* ¶ 3.) Nevertheless, Plaintiffs have sued their direct employer's corporate parents, in this Court, alleging tort claims against the KapStone

Defendants. The KapStone Defendants now move under Rule 12(b)(1) of the South Carolina Rules of Civil Procedure to dismiss those claims for lack of subject matter jurisdiction.

LEGAL STANDARD

Coverage under the Workers' Compensation Act is predicated on the existence of an employer-employee relationship. *Edens v. Bellini*, 359 S.C. 433, 439, 597 S.E.2d 863, 866 (Ct. App. 2004). The existence of an employer-employee relationship is a jurisdictional question that is properly raised under Rule 12(b)(1). *Posey v. Proper Mold & Eng'g. Inc.*, 378 S.C. 210, 216–17, 661 S.E.2d 395, 398–99 (Ct. App. 2008). In matters of jurisdiction, the Court has “the power and duty to review the entire record and decide the jurisdictional facts in accord with the preponderance of the evidence.” *Glass v. Dow Chem. Co.*, 325 S.C. 198, 202, 482 S.E.2d 49, 51 (1997). To perform this task, the Court may consider evidence outside the pleadings without converting the motion into one for summary judgment. *Posey*, 378 S.C. at 217, 661 S.E.2d at 399 (citing *Baird v. Charleston County*, 333 S.C. 519, 528, 511 S.E.2d 69, 74 (1999)). “It is the policy of South Carolina courts to resolve jurisdictional doubts in favor of the inclusion of employers and employees under the Workers' Compensation Act.” *Id.*

ARGUMENT

I. The KapStone Defendants Are Immune from This Suit Because They Work With Plaintiffs' Direct Employer As One Economic Unit In a Single Integrated Business.

The Workers' Compensation Act establishes an exclusive remedy for an employee's work-related injuries. *Edens*, 359 S.C. at 441, 597 S.E.2d at 867. This exclusivity provision “precludes an employee from maintaining a tort action against an employer where the employee sustains a work-related injury.” *Id.*, 359 S.C. at 441–42, 597 S.E.2d at 867–68. This immunity is the cornerstone of the workers' compensation system. By participating in this system, employees get the benefit of receiving compensation quickly without the need to go to court, while employers get

the benefit of avoiding costly, time-consuming litigation. See *Strickland*, 348 S.C. at 646, 560 S.E.2d at 449; see also *Parker v. Williams & Madjanik, Inc.*, 275 S.C. 65, 70, 267 S.E.2d 524, 526 (1980) (“This quid pro quo approach to workmen’s compensation has worked to the advantage of society as well as the employee and employer.”).

Although neither of the KapStone Defendants were Plaintiffs’ *direct* employer, the Supreme Court has made it clear that the Act’s immunity extends to parent corporations where they all act essentially as one economic unit. The Supreme Court established the controlling framework for making that determination in *Poch v. Bayshore Concrete Products/South Carolina, Inc.*, 405 S.C. 359, 747 S.E.2d 757 (2013).

In *Poch*, two temporary laborers were hired by a company called Bayshore Concrete Products/South Carolina, Inc. (“Bayshore SC”) to perform cleanup at a worksite. 405 S.C. at 364, 747 S.E.2d at 760. Bayshore SC was a wholly-owned subsidiary of Bayshore Concrete Products Corporation (“Bayshore Corp.”). *Id.*, 405 S.C. at 363, 747 S.E.2d at 759. The two workers were injured at the worksite, and they received workers’ compensation benefits through a personnel and staffing firm that had connected them with Bayshore SC. *Id.*, 405 S.C. at 364, 747 S.E.2d at 760. After receiving those benefits, they filed a civil lawsuit against Bayshore SC and its parent Bayshore Corp., alleging various tort claims. *Id.*, 405 S.C. at 364–65, 747 S.E.2d at 760. The Supreme Court held that both Bayshore SC (the direct employer) and Bayshore Corp. (the corporate parent) were immune from tort liability under the Act and affirmed the dismissal of the claims against both defendants.

The Supreme Court explained that, although a parent corporation is not automatically immune from an action in tort by an injured employee of its subsidiary, immunity extends to the parent when the two corporations operate as essentially one economic entity. *Id.*, 405 S.C. at 370–

75, 747 S.E.2d at 763–65. The Supreme Court further stated that to determine whether corporate entities operate in this manner, courts should consider the following non-exhaustive factors:

1. Did the two businesses maintain separate corporate identities?
2. Did the two businesses maintain separate boards of directors?
3. Did the two businesses transact business from different locations under different managers?
4. Did the two businesses hire and pay their own employees?
5. Did the two corporations hold themselves out to their employees as two separate identities?
6. Did the two corporations engage in different business activities?
7. Did the two corporations maintain separate books, bank accounts, and payroll records?
8. Did the two corporations file separate tax returns?

Id., 405 S.C. at 372, 474 S.E.2d at 764.

Applying these factors, the Supreme Court concluded that, based on the preponderance of the evidence, the parent and its subsidiary operated as one economic entity. *Id.*, 405 S.C. at 374, 474 S.E.2d at 765. It reached this conclusion even though some of the factors cut in the opposite direction—for example, the two corporations were headquartered in different states and filed separate tax returns. *Id.*, 405 S.C. at 373–74, 474 S.E.2d at 764–65. The Court held that despite these differences, on the whole, the record demonstrated a high degree of economic integration. Among other things, a single workers’ compensation insurance policy covered both corporations, there was significant overlap between the two corporations’ boards of directors, the two businesses used the “Bayshore” name interchangeably when signing documents, and the parent was generally responsible for the financial operation of the subsidiary. Because the two corporations could be

viewed as “one economic entity,” the Court explained, extending immunity to the parent was appropriate. *Id.*, 405 S.C. at 374, 474 S.E.2d at 765.³

This Court should reach the same conclusion here. Applying the *Poch* factors, as explained in further detail below, the KapStone Defendants and KapStone Charleston exhibit even more integration than the corporate entities did in *Poch*. Thus, the KapStone Defendants and KapStone Charleston should be viewed as “one economic unit,” and all are entitled to the same immunity under the Act.

A. The KapStone Defendants Do Not Maintain Corporate Identities That Are Separate From KapStone Charleston for Purposes of the Workers’ Compensation Act (*Poch* Factor No. 1).

South Carolina courts consider many factors when determining whether two or more businesses maintain separate corporate identities. Common factors include (1) whether the entities are covered under the same workers’ compensation insurance policy, (2) whether the entities use the same corporate name and share routine business documents, (3) whether the entities file joint applications and reports with government agencies, and (4) whether the entities operate as an integrated business. *See Poch*, 405 S.C. at 373, 474 S.E.2d at 764; *see also Monroe v. Monsanto Co.*, 531 F. Supp. 426, 434 (D.S.C. 1982).⁴

³ It should be noted that while similar in name, immunity under the Act is very different than the equitable “alter ego” doctrine for purposes of determining whether a creditor may “pierce the corporate veil” and recover against a parent corporation in cases involving inequitable conduct or fraud. *See Oskin v. Johnson*, 400 S.C. 390, 400, 735 S.E.2d 459, 465 (2012). No such claim is (or could be) asserted by Plaintiffs here, and in asserting their statutory entitlement to immunity under the Act, the KapStone Defendants do not concede that any of the facts asserted in their motion would support application of this very different equitable “alter ego” doctrine in another context.

⁴ The Supreme Court in *Poch* adopted *Monroe*’s framework for analyzing the issue of whether a corporate parent should be considered sufficiently related to the direct-employer subsidiary so as to receive the benefit of immunity under the Workers’ Compensation Act. *Poch*, 405 S.C. at 371, 474 S.E.2d at 763.

1. *The KapStone Defendants and KapStone Charleston Are Covered By the Same Workers' Compensation Insurance Policy.*

KapStone Paper procures, pays for, and is the policyholder of the workers' compensation policy that insures the KapStone Defendants and KapStone Charleston. (Hulseman Aff. ¶ 4.) In fact, KapStone Paper procured and paid the premiums for the very workers' compensation benefits that Plaintiffs received here as well as \$250,000 for the applicable deductibles. (*Id.* ¶¶ 4–5.) The benefits have totaled more than \$3.5 million thus far and continue to accrue. (*Id.* ¶ 3.) Underscoring why the claims against the KapStone Defendants should be dismissed from this lawsuit, KapStone Paper has a statutory lien against any recovery by Plaintiffs for this amount.

2. *The KapStone Defendants Use the Same Corporate Name.*

KapStone Paper, KapStone Kraft, and KapStone Charleston all use the trademark “KapStone” as their primary corporate identity in their day-to-day business. (Hulseman Aff. ¶¶ 27–28.) Standard business documents for all three entities, such as letterhead, invoices, checks, employment applications, internal communications, email addresses and signatures, and employee-benefit documents, display the “KapStone” designation. (*Id.*)

3. *KapStone Paper Files Consolidated Tax Returns and Annual Reports with the Federal Government.*

KapStone Paper files an annual consolidated federal tax return with the Internal Revenue Service that includes KapStone Kraft and KapStone Charleston.⁵ (Hulseman Aff. ¶ 26.) It also files an annual report and other filings with the United States Securities and Exchange Commission that include KapStone Kraft and KapStone Charleston. (*Id.*)

⁵ KapStone Charleston is considered a “disregarded entity” for tax purposes because of its status as a limited liability company. (Hulseman Aff. ¶ 26.)

4. *The KapStone Defendants and KapStone Charleston Operate As a Single Integrated Business.*

The day-to-day business of the KapStone Defendants and KapStone Charleston reflects numerous financial and operational integrated functions:

- **Accounting.** KapStone Paper shares a single comprehensive accounting and cash management system with several of its subsidiaries, including KapStone Kraft and KapStone Charleston. The accounting system and cash management system include accounts receivables, accounts payable, payroll, employee health insurance, and other employee benefits. KapStone Paper collects all receivables from the operations of KapStone Kraft and KapStone Charleston. Under the shared accounting system, all receivables are ultimately swept into bank accounts in the name of KapStone Paper.⁶ As a result, as a general matter, neither KapStone Kraft nor KapStone Charleston possess cash.⁷ KapStone Paper pays the expenses for KapStone Kraft and KapStone Charleston, including payroll, employee benefits, and all accounts payable. (Hulseman Aff. ¶¶ 18–22.)
- **Payroll and Benefits.** KapStone Paper procures, sponsors, administers, and pays for all employee payroll and benefits for employees of KapStone Kraft and KapStone Charleston. This includes payroll, 401(k) plans, health insurance policies, disability benefits, deferred compensation plans, management incentive

⁶ KapStone Paper and several subsidiaries, including KapStone Kraft and KapStone Charleston, are parties to a consolidated receivables financing program in which the account receivables are sold to a special-purpose receivables subsidiary of KapStone Paper and ultimately end up in a KapStone Paper account. (Hulseman Aff. ¶ 19.)

⁷ KapStone Charleston maintains its own cash account for the limited purpose of its international transactions. (Hulseman Aff. ¶ 21.)

plans, life insurance policies, unemployment insurance, and employee assistance program benefits. (Hulseman Aff. ¶ 22.)

- **Corporate Policies.** KapStone Paper implements numerous policies that apply to KapStone Kraft and KapStone Charleston. These include an employee handbook that applies to all non-bargained employees, a code of ethics and rules for professional conduct, information-technology policies, antitrust and anti-bribery policies, and policies regarding contract review, purchasing authorization, and signing authority. For example, most contracts and purchases for KapStone Charleston require legal review and formal approval from managers at KapStone Paper or KapStone Kraft. (Hulseman Aff. ¶¶ 24, 29.)
- **Insurance.** KapStone Paper procures, pays for, is the policyholder of, and administers all insurance policies for KapStone Kraft and KapStone Charleston. As noted above, this includes the applicable workers' compensation insurance policy that covers Plaintiffs here. (Hulseman Aff. ¶ 23.)
- **Management.** KapStone Kraft and KapStone Charleston share the same five officers, all of whom are also officers of KapStone Paper. The five officers consist of: (1) Executive Chairman, (2) Chief Executive Officer, (3) President, (4) Vice President, Treasurer, Chief Financial Officer, and (5) Secretary. In addition, KapStone Kraft has two directors who are both directors of KapStone Paper. KapStone Charleston does not have directors because it is a limited liability company rather than a corporation, but it has a sole managing member: KapStone Kraft. (Hulseman Aff. ¶¶ 12–13.)

- **Information Technology.** The KapStone Defendants and KapStone Charleston share an Internet domain, a cloud-based email system, a universal internal help-desk number, and a centralized technology budget. (Hulseman Aff. ¶ 30.)

B. The KapStone Defendants and KapStone Charleston Have Boards of Directors With Overlapping Membership (*Poch* Factor No. 2).

In *Poch*, the Court held that a factor favoring immunity in that case was that (1) the parent and subsidiary shared many of the same officers and directors, (2) the board of directors of the subsidiary company was a subset of the board of directors of the parent company, and (3) the officers of the subsidiary company were paid by the parent company. 405 S.C. at 373, 474 S.E.2d at 764. The same is true here. Specifically, as noted above, KapStone Kraft and KapStone Charleston share the same five officers, KapStone Kraft's two directors are also directors of KapStone Paper, and KapStone Kraft is the managing member of KapStone Charleston. (Hulseman Aff. ¶¶ 12-13.)⁸

C. The KapStone Defendants and KapStone Charleston Share Business Locations and Certain Managers (*Poch* Factor No. 3).

The KapStone Defendants and KapStone Charleston are all headquartered in the same location: 1101 Skokie Boulevard, Suite 300, Northbrook, Illinois. (Hulseman Aff. ¶ 11.) All of the officers of each entity, including the Executive Chairman, Chief Executive Officer, President, Vice President, Treasurer, Chief Financial Officer, and Secretary, are located at the headquarters and perform senior-level management of each entity's business operations. (*Id.* ¶ 12.) In addition, KapStone Kraft employs over 20 managers who work at or perform work for KapStone Charleston, including managers of operations, communications, process optimization, sourcing, procurement,

⁸ As noted, KapStone Charleston does not have any directors because it is a limited liability company.

technical sales, research and development, production planning, marketing, public affairs and communications, product stewardship, and the mill system supply chain, among others. (*Id.* ¶ 16.)

On this factor, too, there is even more integration than in *Poch*. There, the Court found that this factor supported the conclusion that immunity was appropriate even though the two entities operated in different states and the parent company only “periodically” sent managers to the subsidiary company to oversee particular projects. *See Poch*, 405 S.C. at 373, 474 S.E.2d at 764. Here, the entities share a joint headquarters and the overlap in management is much greater.

D. The KapStone Defendants Have Hiring and Firing Authority Over Some of KapStone Charleston’s Employees, and KapStone Paper Pays for All of the Other Two KapStone Entities’ Employees (*Poch* Factor No. 4).

Approximately 20 employees of KapStone Charleston report directly to managers at KapStone Kraft or KapStone Paper, and approximately 5 employees of KapStone Kraft report to managers at KapStone Paper. (Hulseman Aff. ¶ 15.) Managers have hiring and firing authority over all of their direct reports. (*Id.* ¶ 17.) Moreover, as discussed above, KapStone Paper directs payment for and processes the payroll and benefits for employees of KapStone Kraft and KapStone Charleston. (*Id.* ¶¶ 18, 22.)

E. The KapStone Defendants Do Not Hold Themselves Out to Their Employees as Separate from KapStone Charleston (*Poch* Factor No. 5).

As discussed above, the KapStone Defendants and KapStone Charleston share many of the same employment documents containing the “KapStone” trademark, including job applications, forms for background checks, offer letters, new-hire paperwork, benefit documents, and many employment policies, such as the employee handbook and code of conduct. (Hulseman Aff. ¶ 28.)

F. The KapStone Defendants and KapStone Charleston Engage in Substantially Similar Business Activities (*Poch* Factor No. 6).

KapStone Kraft’s and KapStone Charleston’s core business activities are manufacturing and selling paper products, including unbleached Kraft paper and containerboard. (Hulseman Aff.

¶ 7.) Both entities generally use similar processes and types of equipment to conduct these activities. (*Id.*) KapStone Paper does not itself manufacture or sell paper products, but, as the ultimate parent, it provides support and oversight to the operations of KapStone Kraft and KapStone Charleston, and to its other paper and corrugated-box manufacturing subsidiaries. (*Id.* ¶ 8.) Such support includes collecting receivables for the products that the subsidiaries sell and funding all of the labor the subsidiaries need. (*Id.* ¶¶ 21–22.) Both services are critical to KapStone Kraft’s and KapStone Charleston’s core business activities.

G. The KapStone Defendants and KapStone Charleston Do Not Maintain Separate Financial Records for Purposes of the Workers’ Compensation Act (*Poch* Factor No. 7).

KapStone Paper maintains consolidated financial records that incorporate data from KapStone Kraft and KapStone Charleston. These consolidated records are filed annually with the U.S. Securities and Exchange Commission. (Hulseman Aff. ¶ 25.)

H. The KapStone Defendants and KapStone Charleston Do Not File Separate Tax Returns (*Poch* Factor No. 8).

As noted above, KapStone Paper files an annual consolidated federal tax return that includes KapStone Kraft and KapStone Charleston.⁹ (Hulseman Aff. ¶ 26.) On this factor, the KapStone Defendants actually reflect a higher degree of integration than the entities in *Poch*. *See* 405 S.C. at 374, 747 S.E.2d at 765 (noting that the subsidiary and parent filed separate tax returns, which was a “weighty” factor but “not dispositive in the workers’ compensation context”).

⁹ KapStone Charleston is considered a “disregarded entity” for tax purposes because of its status as a limited liability company, and therefore it does not file a separate federal tax return. (Hulseman Aff. ¶ 26.)

I. The KapStone Defendants Have the Power to Sell or Dissolve KapStone Charleston.

A final additional factor recognized by the court of appeals in *Mickle v. Boyd Brothers' Transportation, Inc.* as favoring immunity is that the parent entity had the power to “close down” the subsidiary. No. 1025-UP-068, 2015 WL 576711, at *2 (Ct. App. Feb. 11, 2015). That factor supports recognizing immunity here, too. KapStone Charleston does not have authority to sell or dissolve itself. (Hulseman Aff. ¶ 14.) Instead, the sale or dissolution of KapStone Charleston would require the consent of KapStone Kraft to take either action, and KapStone Paper, as the sole shareholder of KapStone Kraft, possesses the right, but not the obligation, to direct KapStone Kraft to do so. (*Id.*)

Based on the above, it is difficult to imagine a scenario in which the KapStone Defendants and KapStone Charleston would not be viewed as one economic unit in a single integrated business under *Poch*. Thus, the Act’s immunity extends to the KapStone Defendants, and they are immune from tort liability under the Act. This conclusion makes sense not just because it furthers the statutory design that the legislature has enacted, but also because Plaintiffs should not be able to recover twice for the same injury from the same economic unit. This Court should not allow Plaintiffs to circumvent the exclusive remedy provided by the Act and should dismiss the claims against the KapStone Defendants for lack of subject matter jurisdiction.

II. This Court Should Stay Non-Jurisdictional Discovery as to the KapStone Defendants Until This Motion Has Been Resolved.

It is well-established that a court has broad discretion to stay discovery where, as here, there is a pending motion to dismiss for lack of subject matter jurisdiction. *See, e.g., Cannon v. United Ins. Co. of Am.*, 352 F. Supp. 1212, 1214–15 (D.S.C. 1973) (recognizing that courts “should

not order extended discovery when jurisdiction is doubtful, for the obvious reason that the court might not have the authority to order or direct any further proceedings”).

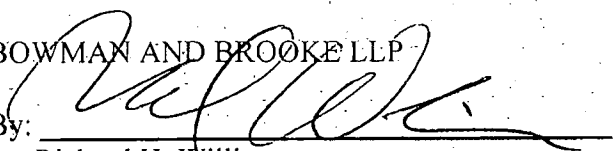
A stay makes sense for two additional reasons. *First*, staying non-jurisdictional discovery as to the KapStone Defendants will promote the expeditious disposition of the claims in this case and will not prejudice Plaintiffs, who will have the opportunity to conduct merits discovery if this motion is denied. There is no particular urgency to move forward with merits discovery as to the KapStone Defendants. *Second*, a stay is especially warranted where, as here, the argument against jurisdiction is based on an immunity doctrine. The purpose of granting immunity to employers that participate in the workers’ compensation system is to provide them an opportunity to avoid the expense of civil litigation. Forcing the KapStone Defendants to undertake costly discovery while this motion is pending defeats the purpose of the immunity doctrine and is inconsistent with one of the primary goals of the Workers’ Compensation Act. Non-jurisdictional discovery as to the KapStone Defendants should wait until this Court has had an opportunity to rule on this motion.

CONCLUSION

For the foregoing reasons, the KapStone Defendants respectfully request that this Court grant this motion and dismiss the claims against the KapStone Defendants. The KapStone Defendants also respectfully request that this Court stay all non-jurisdictional discovery as to the KapStone Defendants until this motion has been resolved.

Respectfully submitted,

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**Attorneys for Defendants KapStone Paper
and Packaging Corporation and KapStone
Kraft Paper Corporation**

This 20th day of September, 2017.

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)
)
Jacque Lucas, Shirley Ann Lucas and)
Daniel Simerly,)
)
Plaintiffs,)
vs.)
)
KapStone Paper and Packaging)
Corporation, KapStone Kraft Paper)
Corporation, Safway Group Holdings,)
LLC, Easy Way Insulation Co., Inc.,)
Sypris Technologies, Inc. f/k/a)
Tube-Turns Technologies, Inc.,)
Thompson Construction Group, Inc.)
and Thompson Industrial Services, LLC,)
)
Defendants.)
)

IN THE COURT OF COMMON PLEAS
FOR THE NINTH JUDICIAL CIRCUIT

CIVIL ACTION #: 2017-CP-10-00838

FILED
2017 SEP 22 PM 12:11
CLERK OF COURT

CERTIFICATE OF SERVICE

I, the undersigned Legal Secretary of Bowman and Brooke LLP, attorneys for Defendants, KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation, hereby certify that I served all known counsel in this action with a copy of the pleading herein below specified by mailing a copy of the same by U.S. Mail, postage prepaid, to the following:

Pleadings: Defendants KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation's Brief in Support of Their Rule 12(b)(1) Motion to Dismiss and Motion for Stay of Non-Jurisdictional Discovery

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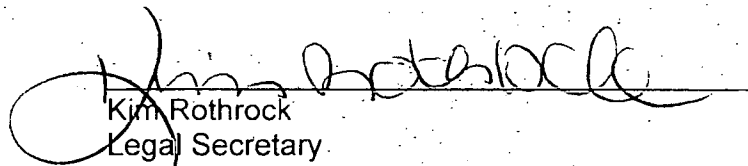
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**Counsel for Defendant, Sypris
Technologies, Inc., f/k/a Tube-Turns
Technologies, Inc.**


Kim Rothrock
Legal Secretary

September 20, 2017

Columbia, South Carolina

4. KapStone Paper procured, paid the premiums for, and is the policyholder of the workers' compensation policy ("Policy"), issued by Sentry Insurance, that insures KapStone Paper, KapStone Kraft Paper Corporation ("KapStone Kraft"), KapStone Charleston, and other KapStone entities. This is the Policy that covers the injuries at issue here. The Declaration Page from that Policy is attached as Exhibit A.
5. KapStone Paper paid a deductible under the Policy in the amount of \$250,000 toward Plaintiffs' workers' compensation claims.
6. KapStone Paper is a publicly traded corporation and is the ultimate parent corporation of numerous direct and indirect wholly-owned subsidiaries, including KapStone Kraft and KapStone Charleston.
7. KapStone Charleston and KapStone Kraft manufacture and sell certain paper products, including unbleached Kraft paper and containerboard. Both entities generally use similar processes and types of equipment to conduct these activities.
8. KapStone Paper does not manufacture or sell paper products itself, but it provides support and oversight to the operations of certain subsidiaries, including KapStone Kraft and KapStone Charleston.
9. KapStone Charleston is a Limited Liability Company (LLC) and is wholly owned by KapStone Kraft. KapStone Kraft is the sole managing member of KapStone Charleston.
10. KapStone Kraft is wholly owned by KapStone Paper.
11. KapStone Paper, KapStone Kraft, and KapStone Charleston are each headquartered in the same location: 1101 Skokie Boulevard, Suite 300, Northbrook, Illinois.
12. KapStone Kraft and KapStone Charleston share the same five officers, all of whom are also officers of KapStone Paper. The five officers consist of: (1) Executive Chairman, (2)

Chief Executive Officer, (3) President, (4) Vice President, Treasurer, Chief Financial Officer, and (5) Secretary. All of the officers of each entity are located at the headquarters and perform senior-level management of each entity's business operations. KapStone Kraft has two directors who are both directors of KapStone Paper. A list of the officers and directors of KapStone Paper, KapStone Kraft, and KapStone Charleston is attached as Exhibit B.

13. KapStone Charleston does not have any directors because it is a Limited Liability Company and instead has a sole managing member, which is KapStone Kraft.
14. KapStone Charleston does not have the authority to sell or dissolve itself. The sale or dissolution of KapStone Charleston would require the consent of KapStone Kraft to take either action, and KapStone Paper, as the sole shareholder of KapStone Kraft, possesses the right, but not the obligation, to direct KapStone Kraft to do so. An organizational chart showing the structure among KapStone Paper, KapStone Kraft and KapStone Charleston is attached as Exhibit C.
15. Approximately 20 employees of KapStone Charleston report directly to managers at KapStone Kraft or KapStone Paper, and approximately 5 employees of KapStone Kraft report to managers at KapStone Paper.
16. KapStone Kraft employs over 20 managers who work at or perform work for KapStone Charleston. They include managers of operations, communications, process optimization, sourcing, procurement, technical sales, research and development, production planning, marketing, public affairs and communications, product stewardship, and the mill system supply chain, among others.
17. KapStone managers have hiring and firing authority over all of their direct reports.

18. KapStone Paper provides strategic direction and shared services, including integrated accounting, cash management, payroll management, employee-benefit services, and insurance programs to KapStone Kraft and KapStone Charleston.
19. KapStone Paper and several subsidiaries, including KapStone Kraft and KapStone Charleston, are parties to a consolidated receivables securitization program in which the account receivables travel through a special-purpose receivables vehicle and ultimately end up in a KapStone Paper account.
20. The integrated accounting system and cash management system include accounts receivable and accounts payable.
21. KapStone Paper collects receivables from the operations of KapStone Kraft and KapStone Charleston. These receivables are ultimately swept into bank accounts in the name of KapStone Paper. Neither KapStone Kraft nor KapStone Charleston possess or manage cash, except for the limited purpose of international transactions. KapStone Paper uses the receivables it collects to pay for expenses for KapStone Charleston and KapStone Kraft, including payroll, employee benefits and all accounts payable.
22. KapStone Paper procures, sponsors, administers, and pays for all employee payroll and benefits for employees of KapStone Kraft and KapStone Charleston. This includes payroll, 401(k) plans, health insurance policies, disability benefits, deferred compensation plans, management incentive plans, life insurance policies, unemployment insurance, and employee assistance program benefits.
23. KapStone Paper procures, pays for, is the policyholder of, and administers all insurance policies for KapStone Kraft and KapStone Charleston.

24. Most contracts and purchases for KapStone Charleston require legal review and formal approval from managers at KapStone Paper or KapStone Kraft.
25. KapStone Paper maintains consolidated financial records that incorporate data from KapStone Kraft and KapStone Charleston. These consolidated records are filed annually with the U.S. Securities and Exchange Commission.
26. KapStone Paper files an annual consolidated federal tax return with the Internal Revenue Service that includes KapStone Kraft and KapStone Charleston. KapStone Charleston is considered a "disregarded entity" for tax purposes because of its status as a Limited Liability Company.
27. KapStone Paper, KapStone Kraft, and KapStone Charleston use the same trademark in their day-to-day business. Standard business documents used by KapStone Paper, KapStone Kraft, and KapStone Charleston, such as letterhead, internal communications, email addresses and signatures, invoices and checks, display the "KapStone" designation.
28. Standard employment documents used by KapStone Paper, KapStone Kraft, and KapStone Charleston, such as job applications, forms for employee background checks, offer letters, new-hire paperwork, benefit documents, and general employment policies, including the Employee Handbook and KapStone Code of Conduct, also display the "KapStone" designation.
29. KapStone Paper implements numerous policies that apply to KapStone Kraft and KapStone Charleston, including an employee handbook that applies to all non-bargained (non-union) employees, the KapStone Code of Conduct, information-technology policies, antitrust and anti-bribery policies, and policies regarding contract review, purchasing authorization, and signing authority.

30. KapStone Paper, KapStone Kraft, and KapStone Charleston share an Internet domain, a cloud-based email system, a universal internal help-desk number, and a centralized technology budget.
31. The above-recited information is true and correct, to the best of my knowledge and belief.

This 20th day of September 2017.

Kelly Hulseman
Kelly Hulseman
Vice President of Shared Services
KapStone Paper and Packaging Corporation

Sworn to before me this 20th day of September 2017.

Renee Juvan



A

A

Exhibit A



SENTRY CASUALTY COMPANY
STEVENS POINT, WISCONSIN
(A PARTICIPATING STOCK COMPANY)
A MEMBER OF THE SENTRY FAMILY OF INSURANCE COMPANIES

Carrier Code No. 37877

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
INFORMATION PAGE

ITEM	CORP.	RENEWAL OF	POLICY NUMBER
1. INSURED NAME AND ADDRESS:			90-16567-04 00 151
KAPSTONE PAPER AND PACKAGING CORPORATION			90-16567-04 00 141
1101 SKOKIE BLVD., SUITE 300			PRODUCER 90171105
NORTHBROOK	IL 60062		MARSH USA INC
			540 W MADISON ST
			CHICAGO, IL 60661
			312-627-6000

Phone Number (847) 441-1805

1st Named Insured Federal ID 202699372

See Schedule of Entities for Other Insured Entities

Other workplaces not shown above:
See Schedule of Entities and Locations

2. POLICY PERIOD:
This policy period is from 07-01-2015 TO 07-01-2016, 12:01 A.M., Standard time at the Insured's mailing address.

3. COVERAGE

A. Workers Compensation Insurance: Part One of the policy applies to the workers compensation law of the states listed here:

ALABAMA	ARIZONA	CALIFORNIA
COLORADO	CONNECTICUT	FLORIDA
GEORGIA	IDAHO	ILLINOIS
INDIANA	IOWA	KENTUCKY
MASSACHUSETTS	MICHIGAN	MINNESOTA
MISSISSIPPI	MISSOURI	NEVADA
NEW JERSEY	NEW YORK	NORTH CAROLINA
OREGON	PENNSYLVANIA	SOUTH CAROLINA
TENNESSEE	TEXAS	UTAH
VIRGINIA		

B. Employers Liability Insurance: Part Two of the policy applies to work in each state listed in Item 3.A. The limits of our liability under Part Two are:

Bodily Injury by Accident	\$ 1,000,000 each accident
Bodily Injury by Disease	\$ 1,000,000 each employee
Bodily Injury by Disease	\$ 1,000,000 policy limit

C. Other States Insurance: Part Three of the policy applies in all states except those listed in Item 3.A., and the following:
ND NE OH WA WI WY

D. This policy includes these Endorsements and Schedules:

WC 00 00 00C 0115	WC 00 03 10 0484	WC 00 03 11A 0891
WC 00 03 13 0484	WC 00 04 03 0484	WC 00 04 14 0790
WC 00 04 19 0101	WC 00 04 21D 0115	WC 00 04 22B 0115
WC 02 06 01 0586	WC 04 03 01B 0112	WC 04 03 60A 1199
WC 04 04 21 0108	WC 04 06 01A 1293	WC 04 06 03A 0107
WC 05 04 02 1190	WC 05 04 03 0393	WC 05 04 04 0112
WC 06 03 01 0484	WC 06 03 03C 0711	WC 06 06 01 0103
WC 09 03 03 0805	WC 09 04 02 1088	WC 09 04 03B 0115
WC 09 04 07 0713	WC 09 06 06 1098	WC 10 04 02 0113
WC 10 06 01B 0714	WC 12 03 06A 0711	WC 12 06 01E 0115
WC 16 03 05 0607	WC 16 06 01 1297	WC 16 06 02 1099

WC 00 00 01 COPYRIGHT 1987 NATIONAL COUNCIL ON COMPENSATION INSURANCE

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07-09-2015
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SENTRY CASUALTY COMPANY
STEVENS POINT, WISCONSIN
(A PARTICIPATING STOCK COMPANY)
A MEMBER OF THE SENTRY FAMILY OF INSURANCE COMPANIES

Carrier Code No. 37877

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
INFORMATION PAGE

WC 20 03 01	0484	WC 20 03 02A	0908	WC 20 03 03D	0810
WC 20 04 05	0601	WC 20 06 01A	0708	WC 21 03 03A	0697
WC 21 03 04	0484	WC 21 04 02B	0115	WC 22 00 00A	1103
WC 22 06 01D	0806	WC 24 03 02	0114	WC 24 04 06C	0805
WC 24 06 01B	0196	WC 24 06 02B	0706	WC 24 06 04A	0913
WC 27 06 01C	1008	WC 29 03 06B	0707	WC 29 06 01A	0194
WC 29 06 02B	0105	WC 31 03 08	0484	WC 31 03 19G	1013
WC 32 03 01C	0114	WC 36 03 06	0102	WC 36 04 06	1001
WC 36 06 01E	0108	WC 36 06 02	0111	WC 37 04 05	0896
WC 37 06 01	0484	WC 37 06 02	0484	WC 37 06 03A	0895
WC 37 06 04	1099	WC 42 03 01G	0614	WC 42 03 04B	0614
WC 42 04 08A	0614	WC 43 06 01	0193	WC 43 06 02	0702
WC 45 06 02	0793	WC 90 06 01	1201	WC 90 06 03	1201
WC 99 02 01	0105	WC 99 06 16	0107	WC 99 06 18	0107
WC 99 06 30	0108	WC 99 06 31	0108	WC 99 06 34	0108
WC 99 06 69	0908	WC 99 06 70	0199	WC 99 31 04	0108
WC 99 32 01	0597	WC 99 36 03	0506	WC 99 41 02	0608
WC990664 LCF	0196	WC990668 LCF	0108		

WC 00 00 01 COPYRIGHT 1987 NATIONAL COUNCIL ON COMPENSATION INSURANCE

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Page 005 M

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SENTRY CASUALTY COMPANY
STEVENS POINT, WISCONSIN
(A PARTICIPATING STOCK COMPANY)
A MEMBER OF THE SENTRY FAMILY OF INSURANCE COMPANIES

Carrier Code No. 37877

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
INFORMATION PAGE

SCHEDULE OF ENTITIES AND LOCATIONS

ENTITY 001
KAPSTONE PAPER AND PACKAGING
CORPORATION

NAME LINK CODE 001
Corporation
FEDERAL ID # 202699372

LOCATION 002
100 GASTON ROAD
ROANOKE RAPIDS

NC 27870

LOCATION 003
1101 SKOKIE BLVD, 3RD FL
NORTHBROOK

IL 60062

LOCATION 005
NO SPECIFIC LOCATION SC

LOCATION 050
NO SPECIFIC LOCATION AL

LOCATION 006
NO SPECIFIC LOCATION MS

LOCATION 008
NO SPECIFIC LOCATION PA

LOCATION 009
NO SPECIFIC LOCATION TN

LOCATION 010
NO SPECIFIC LOCATION MO

LOCATION 025
550 BROAD ST STE 605
NEWARK

TAXPAYER ID # 202699372000
NJ 07102

LOCATION 026
28 PARK DRIVE
AMSTERDAM

NY 12010

LOCATION 032
NO SPECIFIC LOCATION AZ

LOCATION 048
NO SPECIFIC LOCATION IN

LOCATION 051
NO SPECIFIC LOCATION MI

ENTITY 003
KAPSTONE CHARLESTON KRAFT LLC

NAME LINK CODE 002
Limited Liability Company
FEDERAL ID # 262582068

LOCATION 026
28 PARK DRIVE
AMSTERDAM

UNEMPLOYMENT # 4871304
NY 12010

ENTITY 004

NAME LINK CODE 003

WC 00 00 01 COPYRIGHT 1987 NATIONAL COUNCIL ON COMPENSATION INSURANCE

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07-09-2015
Page 007 M

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SENTRY CASUALTY COMPANY
STEVENS POINT, WISCONSIN
(A PARTICIPATING STOCK COMPANY)
A MEMBER OF THE SENTRY FAMILY OF INSURANCE COMPANIES

Carrier Code No. 37877

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
INFORMATION PAGE

SCHEDULE OF ENTITIES AND LOCATIONS

KAPSTONE CONTAINER CORPORATION

Corporation
FEDERAL ID # 581392513

LOCATION 005
NO SPECIFIC LOCATION SC

LOCATION 028
NO SPECIFIC LOCATION VA

LOCATION 010
NO SPECIFIC LOCATION MO

LOCATION 018
NO SPECIFIC LOCATION GA

LOCATION 019
NO SPECIFIC LOCATION IA

LOCATION 021
NO SPECIFIC LOCATION MA

LOCATION 022
NO SPECIFIC LOCATION MN

ASSOC FILE # 1392513
UNEMPLOYMENT INS 581392513000

LOCATION 024
NO SPECIFIC LOCATION TX

LOCATION 025
550 BROAD ST STE 605
NEWARK

TAXPAYER ID # 581392513000
NJ 07102

LOCATION 026
28 PARK DRIVE
AMSTERDAM

NY 12010

LOCATION 027
225 MITCH MCCONNELL WAY
BOWLING GREEN

KY 42101

LOCATION 029
NO SPECIFIC LOCATION CT

LOCATION 030
NO SPECIFIC LOCATION FL

ENTITY 005
LONGVIEW FIBRE PAPER &
PACKAGING INC

NAME LINK CODE 004
Corporation
FEDERAL ID # 203674771

LOCATION 036
8511 BLAINE ST
OAKLAND

CA 94621

LOCATION 037
1350 WOOTEN LAKE RD STE 102
KENNESAW

GA 30144

WC 00 00 01 COPYRIGHT 1987 NATIONAL COUNCIL ON COMPENSATION INSURANCE

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07-09-2015
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SENTRY CASUALTY COMPANY
STEVENS POINT, WISCONSIN
(A PARTICIPATING STOCK COMPANY)
A MEMBER OF THE SENTRY FAMILY OF INSURANCE COMPANIES

Carrier Code No. 37877

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
INFORMATION PAGE

SCHEDULE OF ENTITIES AND LOCATIONS

LOCATION 038 348 SOUTH PARK AVENUE WEST TWIN FALLS	ID 83301
LOCATION 039 3828 CIVIC CENTER DR NORTH LAS VEGAS	NV 89030
LOCATION 040 4780 WEST HIGHWAY 56 CEDAR CITY	UNEMPLOYMENT # 2036747 UT 84720
LOCATION 041 2200 NORTH MAIN SPANISH FORK	UNEMPLOYMENT # 2036747 UT 84660
LOCATION 042 701 NORTH 1000 WEST LOGAN	UNEMPLOYMENT # 2036747 UT 84321
LOCATION 043 3667 DEXTER COURT DENVER	CO 80207
LOCATION 044 906 HILLDALE LANE BUFFALO GROVE	IL 60089
LOCATION 046 NO SPECIFIC LOCATION OR	

WC 00 00 01 COPYRIGHT 1987 NATIONAL COUNCIL ON COMPENSATION INSURANCE

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07-09-2015
Page 009 M

CONTINUED ON NEXT PAGE

011808C

00710



SENTRY CASUALTY COMPANY
Carrier Code No. 37877

WORKERS' COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

POLICY NUMBER 90-16567-04 00 151

NAMED INSURED ENDORSEMENT

IT IS AGREED THAT ITEM 1 OF THE INFORMATION PAGE IS AMENDED TO READ:

KAPSTONE PAPER AND PACKAGING CORPORATION - FIRST NAMED INSURED

KAPSTONE KRAFT PAPER CORPORATION
KAPSTONE RECEIVABLES LLC
KAPSTONE CHARLESTON KRAFT LLC
KAPSTONE CONTAINER CORPORATION
LONGVIEW FIBRE PAPER & PACKAGING INC

AND ANY SUBSIDIARY, CORPORATION, JOINT VENTURE, PARTNERSHIP,
LIMITED LIABILITY COMPANY OR OTHER ENTITY WHICH WAS, IS, OR
SHALL BE OWNED, OPERATED, MANAGED OR FINANCIALLY CONTROLLED
BY ANY OF THE ABOVE.

KAP 90-16567-04 00 151
07-09-15

KAPSTONE PAPER AND PACKAGING
CORPORATION

B

B

Exhibit B

KAPSTONE ENTITY DIRECTORS AND OFFICERS

KapStone Paper and Packaging Corporation

- Type of entity: Delaware corporation
- Last change in directors and/or officers: January 1, 2017
- Directors:
 - Roger W. Stone
 - Matthew Kaplan
 - Robert J. Bahash
 - John M. Chapman
 - Paula H.J. Cholmondeley
 - Johnathan R. Furer
 - David G. Gabriel
 - Brian R. Gamache
 - Ronald J. Gidwitz
 - Matthew H. Paull
 - Maurice S. Reznik
 - David P. Storch
- Officers:
 - Executive Chairman: Roger W. Stone
 - President and Chief Executive Officer: Matthew Kaplan
 - Executive Vice President and Chief Financial Officer: Andrea K. Tarbox
 - Executive Vice President of Integrated Packaging: Randy J. Nebel
 - Vice President and General Manager of the Mill System: Bill G. Kessinger
 - Vice President and General Manager of the Corrugated Container System: Patrick W. Ortiz
 - Vice President, Secretary, and General Counsel: Kathryn D. Ingraham
 - Vice President and Corporate Controller: Mark A. Niehus
 - Vice President – Strategic Planning and Initiatives: Michael J. Murphy
 - Vice President – Containerboard and Kraft Paper Sales and Marketing: Antionette Meyers

KapStone Kraft Paper Corporation

- Type of entity: Delaware corporation
- Last change in directors and/or officers: January 1, 2017
- Directors: Roger W. Stone, Matthew Kaplan
- Officers:
 - Executive Chairman: Roger W. Stone
 - Chief Executive Officer: Matthew Kaplan
 - President: Randy J. Nebel
 - Vice President, Treasurer and Chief Financial Officer: Andrea K. Tarbox
 - Secretary: Kathryn D. Ingraham

KapStone Charleston Kraft LLC

- Type of entity: Delaware limited liability company
- Last change in officers: January 1, 2017
- Sole member: KapStone Kraft Paper Corporation (managed by members)
- Officers:
 - Executive Chairman: Roger W. Stone
 - Chief Executive Officer: Matthew Kaplan
 - President: Randy J. Nebel
 - Vice President, Treasurer and Chief Financial Officer: Andrea K. Tarbox
 - Secretary: Kathryn D. Ingraham

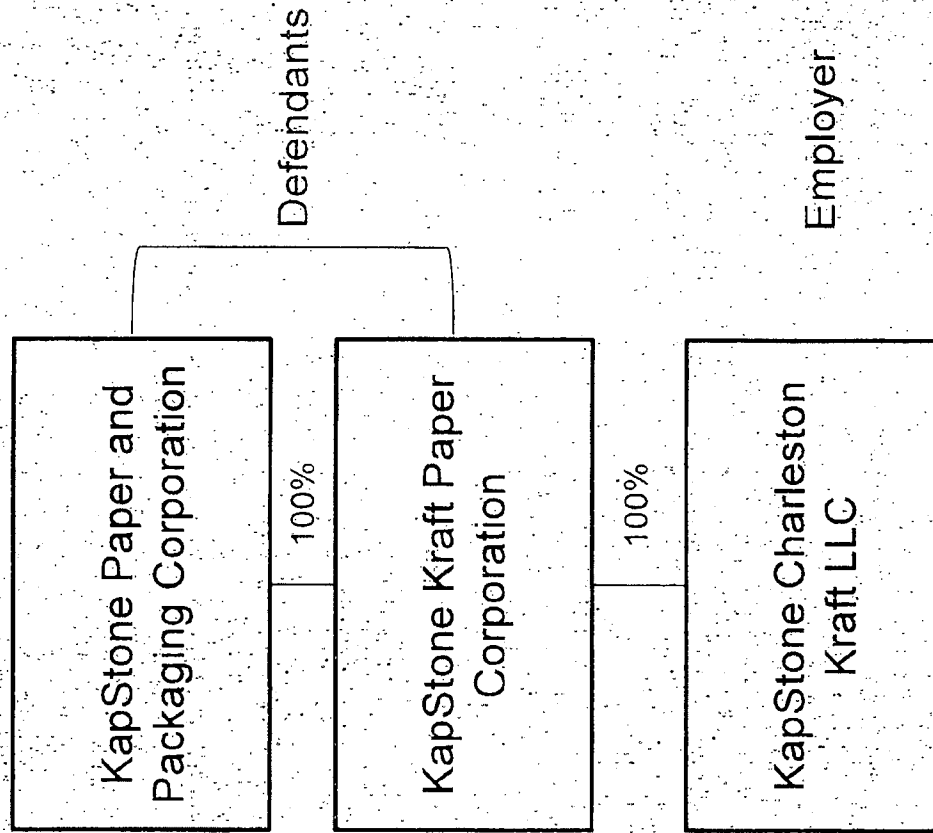
Exhibit C

C

C



Organizational Chart



(Note: additional subsidiaries not shown)

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)
Jacque Lucas, Shirley Ann Lucas and)
Daniel Simerly,)
Plaintiffs,)
vs.)
KapStone Paper and Packaging)
Corporation, KapStone Kraft Paper)
Corporation, Safway Group Holdings,)
LLC, Easy Way Insulation Co., Inc.,)
Sypris Technologies, Inc. f/k/a)
Tube-Turns Technologies, Inc.,)
Thompson Construction Group, Inc.)
and Thompson Industrial Services, LLC,)
Defendants.)

IN THE COURT OF COMMON PLEAS

FOR THE NINTH JUDICIAL CIRCUIT

CIVIL ACTION #: 2017-CP-10-00838

**Defendants KapStone Paper and
Packaging Corporation and
KapStone Kraft Paper Corporation's
AMENDED Rule 12(b)(6) Motion to
Dismiss and Motion for Stay of
Discovery**

FILED
2017 JUL 31 PM 4:11
JULIE J. ARISTROH
CLERK OF COURT
BY 6

Defendants KapStone Paper and Packaging Corporation ("KPPC") and KapStone Kraft Paper Corporation ("KK") (collectively "KapStone Defendants"), through their attorneys, move to dismiss the above referenced action as to the KapStone defendants, pursuant to Rule 12(b)(6), South Carolina Rules of Civil Procedure.

1. This case arises from a workplace accident involving Plaintiffs Jacque Lucas and Daniel Simerly ("Plaintiffs") that took place at KapStone Charleston Kraft, LLC ("KapStone Charleston"), a paper mill owned by Defendant KapStone Paper and Packaging Corporation, on May 24, 2016 in North Charleston, South Carolina.

2. KPPC is the corporate parent and owner of 100% of the stock of all the KapStone entities, including KK and KapStone Charleston.

3. KapStone Charleston is not an independent entity, and relies on KPPC for its business operations.

4. Plaintiffs are full-time employees of KapStone Charleston, but many of their employment benefits (retirement, health insurance, life insurance, disability insurance and workers compensation coverage) are paid directly by KPPC.

5. As a result of this accident, KPPC and its workers compensation insurance carrier, Sentry Insurance Company, have paid over \$3 million dollars in medical bills and workers compensation benefits on behalf of or to these Plaintiffs. KPPC carries a single policy of workers compensation insurance issued by Sentry, covering all KapStone entities and all KapStone employees regardless of location.

Workers Compensation Immunity

6. The KapStone Defendants hereby move to dismiss this action because the KapStone Defendants are "statutory employers" of Plaintiffs under the South Carolina Workers' Compensation Act, and are immune from suit.

7. Plaintiffs' only remedy against any KapStone entity, that being the recovery of Workers Compensation benefits, has been provided in this case, and Plaintiffs administrative remedies have been exhausted. S.C. Code §42-1-400.

8. The KapStone Defendants meet the factors set forth by the South Carolina Supreme Court in Poch v. Bayshore Concrete Products, 405 S.C. 359, 747 S.E.2d 757 (2013), to qualify as statutory employers because they operate for all practical purposes as one integrated economic entity.

9. As the South Carolina Supreme Court stated in Poch, supra, "South Carolina Courts have repeatedly held that determination of the employer-employee

relationship for workers compensation purposes is jurisdictional." Glass v. Dow Chemical Co., 325 S.C. 201, 482 S.E.2d 49 (1997). Accordingly, determination of this issue at the preliminary stages of this lawsuit by this Court is appropriate and required by applicable case law. "Any doubts as to a worker's status should be resolved in favor of including him or her under the Workers Compensation Act." Posey v. Proper Mold & Engineering, Inc., 378 S.C. 210, 661 S.E.2d 395 (Ct. App. 2008).

No Duty

10. The KapStone Defendants also move to dismiss this case as to them, pursuant to S.C. Rule of Civil Procedure 12(b)(6), on the grounds that Plaintiff's Amended Complaint fails to allege facts sufficient to state an independent duty on the part of these corporations owed to these Plaintiffs. It is well settled South Carolina law that parent corporations are not vicariously liable for the acts or omission of a subsidiary corporation, by virtue of their ownership interests in the subsidiary. United States v. Bestfoods, 524 U.S. 51, 61 (1998) ("It is a general principle of corporate law deeply ingrained in our economic and legal systems that a parent corporation (so-called because of control through ownership of another corporation's stock) is not liable for the acts of its subsidiaries.").

11. The duties to provide a safe workplace, to train employees, to administer a safety program, and to follow safety rules and regulations, are nondelegable duties that fall on the employer- in this case, KapStone Charleston. See Rock Hill Tel. Co. v. Globe Commc'ns, Inc., 363 S.C. 385, 391, 611 S.E.2d 235, 238 (2005) (the South Carolina Supreme Court has recognized "[a]n employer has a nondelegable duty to employees to provide a reasonably safe work place and suitable tools."); See also Muniz v.

National Can Corp., 737 F.2d 145 (1st Cir. 1984) ("An employer has a nondelegable duty to provide for the safety of its employees in the work environment. The parent-shareholder is not responsible for the working conditions of its subsidiary's employees merely on the basis of [the] parent-subsidiary relationship.").

12. To state facts sufficient to support tort claims against these Defendants, as the corporate parents and owners of KapStone Charleston, Plaintiffs must allege a specific undertaking that is independent of the typical interactions between a parent and subsidiary corporation. Id., ("Neither mere concern with nor minimal contact about safety matters creates a duty to ensure a safe working environment for the employees of a subsidiary corporation. To establish a duty, the subsidiary's employee must show some proof of a positive undertaking by the parent corporation."). The general allegations in Paragraphs 21, 25, and 26 of Plaintiffs' Amended Complaint are insufficient as a matter of law to give rise to an independent duty owed to these Plaintiffs.

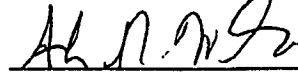
13. The KapStone Defendants respectfully request that this Court stay all discovery as to any issue not relating to this motion, and find that KPPC and KapStone Kraft are entitled to the same Workers' Compensation immunity as the direct employer, and dismiss this action as barred by the South Carolina Workers Compensation Act's exclusivity provisions.

14. A brief in support of this Motion, with accompanying Affidavits, will follow.

This 27th day of July, 2017.

[Signature on the following page.]

BOWMAN AND BROOKE LLP



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Tel.: 803-726-7420

Fax: 803-726-7421

**Attorneys for Defendants KapStone Paper
and Packaging Corporation and KapStone
Kraft Paper Corporation**

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)
Jacque Lucas, Shirley Ann Lucas and)
Daniel Simerly,)
Plaintiffs,)
vs.)
KapStone Paper and Packaging)
Corporation, KapStone Kraft Paper)
Corporation, Safway Group Holdings,)
LLC, Easy Way Insulation Co., Inc.,)
Sypris Technologies, Inc. f/k/a)
Tube-Turns Technologies, Inc.,)
Thompson Construction Group, Inc.)
and Thompson Industrial Services, LLC,)
Defendants.)

IN THE COURT OF COMMON PLEAS
FOR THE NINTH JUDICIAL CIRCUIT
CIVIL ACTION #: 2017-CP-10-00838

**Defendants KapStone Paper and
Packaging Corporation and
KapStone Kraft Paper Corporation's
Rule 12(b)(6) Motion to Dismiss and
Motion for Stay of Discovery**

FILED
2017 JUN -8 PM 2:22
JULIE J ARMSTRONG
CLERK OF COURT
BY 6

Defendants KapStone Paper and Packaging Corporation ("KPPC") and KapStone Kraft Paper Corporation ("KapStone Kraft"), through their attorneys, move to dismiss the above referenced action as to the KapStone defendants, pursuant to Rule 12(b)(6), South Carolina Rules of Civil Procedure.

1. This case arises from a workplace accident involving Plaintiffs Jacque Lucas and Daniel Simerly ("Plaintiffs") that took place at KapStone Charleston Kraft, LLC ("KapStone Charleston"), a paper mill owned by Defendant KapStone Paper and Packaging Corporation, on May 24, 2016 in North Charleston, South Carolina.

2. KPPC is the corporate parent and owner of 100% of the stock of all the KapStone entities, including KapStone Kraft and KapStone Charleston.

3. KapStone Charleston is not an independent entity, and relies on KPPC for its business operations.

4. Plaintiffs are full-time employees of KapStone Charleston, but many of their employment benefits (retirement, health insurance, life insurance, disability insurance and workers compensation coverage) are paid directly by KPPC.

5. As a result of this accident, KPPC and its workers compensation insurance carrier, Sentry Insurance Company, have paid over \$3 million dollars in medical bills and workers compensation benefits on behalf of or to these Plaintiffs. KPPC carries a single policy of workers compensation insurance issued by Sentry, covering all KapStone entities and all KapStone employees regardless of location.

6. The KapStone Defendants hereby move to dismiss this action because both KPPC and KapStone Kraft are "statutory employers" of Plaintiffs under the South Carolina Workers' Compensation Act, and are therefore immune from suit.

7. Plaintiffs' only remedy against any KapStone entity, that being the recovery of Workers Compensation benefits, has been provided in this case, and Plaintiffs administrative remedies have been exhausted. S.C. Code §42-1-400.

8. The KapStone Defendants meet the factors set forth by the South Carolina Supreme Court in Poch v. Bayshore Concrete Products, 405 S.C. 359, 747 S.E.2d 757 (2013), to qualify as statutory employers because they operate for all practical purposes as one integrated economic entity.

9. As the South Carolina Supreme Court stated in Poch, supra, "South Carolina Courts have repeatedly held that determination of the employer-employee relationship for workers compensation purposes is jurisdictional." Glass v. Dow Chemical Co., 325 S.C. 201, 482 S.E.2d 49 (1997). Accordingly, determination of this issue at the preliminary stages of this lawsuit by this Court is appropriate and required

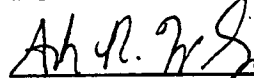
by applicable case law. "Any doubts as to a worker's status should be resolved in favor of including him or her under the Workers Compensation Act." Posey v. Proper Mold & Engineering, Inc., 378 S.C. 210, 661 S.E.2d 395 (Ct. App. 2008).

10. The KapStone Defendants respectfully request that this Court stay all discovery as to any issue not relating to this motion, and find that KPPC and KapStone Kraft are statutory employers of the Plaintiffs, and dismiss this action as barred by the South Carolina Workers Compensation Act's exclusivity provisions.

11. A brief in support of this Motion, with accompanying Affidavits, will follow.

This 6th day of June, 2017.

BOWMAN AND BROOKE LLP



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Columbia, SC 29201

Tel.: 803-726-7420

Fax: 803-726-7421

**Attorneys for Defendants KapStone Paper
and Packaging Corporation and KapStone
Kraft Paper Corporation**

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)
Jacque Lucas, Shirley Ann Lucas and)
Daniel Simerly,)
Plaintiffs,)
vs.)
KapStone Paper and Packaging Corporation,)
KapStone Kraft Paper Corporation, Safway)
Group Holdings, LLC, Easy Way Insulation)
Co., Inc., Sypris Technologies, Inc. f/k/a)
Tube-Turns Technologies, Inc., Thompson)
Construction Group, Inc. and Thompson)
Industrial Services, LLC,)
Defendants.)

IN THE COURT OF COMMON PLEAS
FOR THE NINTH JUDICIAL CIRCUIT
C/A NO: 2017-CP-10-838

**FIRST AMENDED COMPLAINT
(JURY TRIAL DEMANDED)**

FILED
2017 MAY -1 PM 2:41
JULIE J. ARMSTRONG
CLERK OF COURT

The Plaintiffs, Jacque Lucas, Shirley Ann Lucas and Daniel Simerly (collectively referred to as "Plaintiffs") complaining of the Defendants KapStone Paper and Packaging Corporation, KapStone Kraft Paper Corporation, Safway Group Holdings, LLC, Easy Way Insulation Co., Inc., Sypris Technologies, Inc. f/k/a Tube-Turns Technologies, Inc., Thompson Construction Group, Inc. and Thompson Industrial Services, LLC (collectively referred to as "Defendants"), would respectfully show unto this court as follows:

THE PARTIES, JURISDICTION AND VENUE

1. Plaintiffs are citizens and residents of South Carolina.
2. Defendant KapStone Paper and Packaging Corporation is a foreign corporation conducting business in and, in fact, is operating in the State of South Carolina. However, on information and belief, it is not currently authorized to do business in this State.

3. Defendant KapStone Kraft Paper Corporation is a foreign corporation authorized to conduct business in and, in fact, is operating in the State South Carolina, having its principal place of business in Charleston County.

4. Defendant Safway Group Holdings, LLC is a foreign corporation that is authorized to conduct business in and, in fact, is operating in the State of South Carolina, having its principal place of business in Charleston County.

5. Defendant Easy Way Insulation Co., Inc. is a South Carolina Corporation authorized to conduct business in South Carolina, having its principal place of business in Charleston County.

6. Defendant Sypris Technologies, Inc. f/k/a Tube-Turns Technologies, Inc. ("Sypris") is a foreign corporation with a principal place of business in Kentucky, but which conducts a substantial amount of business in South Carolina.

7. Defendant Thompson Construction Group, Inc. is a South Carolina Corporation authorized to do business in South Carolina with its principal place of business in Sumter County, South Carolina.

8. Defendant Thompson Industrial Services, LLC is a foreign corporation that is authorized to conduct business in South Carolina and which conducts substantial business in South Carolina.

9. This Court has jurisdiction over this matter and venue properly lies in Charleston County, South Carolina.

FACTS

10. On or about May 24, 2016, Plaintiffs Jacque Lucas and Daniel Simerly were working at a facility owned and operated in North Charleston, South Carolina by KapStone Charleston Kraft, LLC ("Plaintiffs' Employer.")

11. At the time of the incident, Mr. Lucas and Mr. Simerly were clearing and cleaning a large vessel used to hold hot chemicals.

12. Upon information and belief, agents and/or employees of Defendant Thompson Industrial Services, LLC and Defendant Thompson Construction Group, Inc. were performing hydro-blasting services on the subject vessel at the time of the incident and/or immediately prior to the incident.

13. Both Mr. Lucas and Mr. Simerly were ordered to open a door at the bottom of the vessel.

14. Upon information and belief, Sypris was the manufacturer, designer and distributor of the vessel door.

15. Upon information and belief, the vessel door, which was designed, manufactured and distributed by Sypris, was located an estimated eight (8) feet in the air, and was only accessible by a scaffolding system.

16. Upon information and belief, this scaffolding was erected, owned and maintained by Defendant Safway Group Holdings, LLC and Defendant Easy Way Insulation Co., Inc. To perform the job, both Mr. Lucas and Mr. Simerly had to stand atop the scaffolding.

17. On information and belief, the vessel door became clogged or stuck, but thereafter broke loose causing scalding hot liquids and chemicals to pour down upon Mr. Lucas and Mr. Simerly.

18. The vessel door was improperly designed and/or manufactured by Defendant Sypris.

19. Additionally, given the layout of the scaffolding, Mr. Simerly and Mr. Lucas were caused to be injured. Specifically, Mr. Simerly was caused to be on the scaffolding ladder at the time of the incident, and was struck by the scalding hot liquids. Additionally, Mr. Lucas was caused to be temporarily trapped, and subsequently required to jump from the scaffolding system, falling eight (8) feet.

20. Upon information and belief, Defendant KapStone Paper and Packaging Corporation and Defendant KapStone Kraft Paper Corporation provide consulting and other services to Plaintiffs' Employer to develop, supervise and implement safety procedures and comply with applicable regulations and/or standards at the subject facility, as well as authorize certain capital projects at the facility.

21. Defendants KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation had a duty to but failed to identify the dangers inherent in the process of cleaning the vessel and failed to recommend measures to avoid the injuries suffered by Plaintiffs.

22. As a direct and proximate cause of the above, Mr. Lucas and Mr. Simerly suffered severe injuries including third degree burns over a significant portion of their bodies, as well as other injuries to their legs, back and neck. To compound matters, this incident and the injuries sustained by Mr. Lucas and Mr. Simerly have also caused each of them to suffer severe emotional and mental injuries.

23. Additionally, the severe injuries to Mr. Lucas have also caused injury to his wife, Plaintiff Shirley Ann Lucas.

FOR A FIRST CAUSE OF ACTION

(Negligence, Gross Negligence and Recklessness against Defendant, KapStone Paper and Packaging Corporation, and Defendant, KapStone Kraft Paper Corporation)

24. Plaintiffs repeat and reallege each allegation contained above.

25. Defendants KapStone Paper and Packaging Corporation and KapStone Kraft Paper Corporation, acting by and through their agents, employees and representatives, were negligent by:

- a. Failing to adequately train their employees, agents and/or contractors;
- b. Failing to adequately supervise their employees, agents and/or contractors;
- c. Failing to timely and adequately remedy a known hazard;
- d. Failing to give adequate warning of a known hazard;
- e. Failing to provide a safe working environment;
- f. Failing to implement adequate safety protocols;
- g. Failing to ensure applicable regulations and standards were being met, including but not limited to ANSI and NSF standards;
- h. Failing to timely approve necessary capital projects;
- i. Failing to give proper warning of operations taking place in and around the subject vessel;
- j. Failing to properly inspect the subject vessel; and
- k. Any and all other negligent and/or grossly negligent acts that the evidence may show.

26. These Defendants owed a duty consistent with the foregoing, and breached one or more of the foregoing duties. These breaches of duty were both the cause in fact and proximate

cause of Plaintiffs' damages, and were willful, wanton and in reckless disregard of the rights of the Plaintiffs.

27. As a result of Defendants' negligence, gross negligence and recklessness, Plaintiffs suffered damages, including but not limited to, pain and suffering, mental anguish, loss of consortium, terror, bodily injury and disfigurement. Defendants' actions and omissions were willful and wanton and in reckless disregard and conscious indifference to the rights of Plaintiffs. As such, Plaintiffs are entitled to punitive damages.

FOR A SECOND CAUSE OF ACTION

***(Negligence, Gross Negligence and Recklessness against Defendant,
Safeway Group Holdings, LLC, and Defendant, Easy Way Insulation Co., Inc.)***

28. Plaintiffs repeat and reallege each allegation contained above.

29. Defendants Safeway Group Holdings, LLC and Easy Way Insulation Co., Inc., acting by and through their agents, employees and representatives, were negligent by:

- a. Failing to adequately train their employees, agents and/or contractors;
- b. Failing to adequately supervise their employees, agents and/or contractors;
- c. Failing to timely and adequately remedy a known hazard;
- d. Failing to give adequate warning of a known hazard;
- e. Failing to implement adequate safety protocols;
- f. Failing to provide adequate scaffolding;
- g. Failing to properly inspect the subject scaffolding;
- h. Failing to adequately maintain the subject scaffolding; and
- i. Any and all other negligent and/or grossly negligent acts that the evidence may show.

30. These Defendants owed a duty consistent with the foregoing, and breached one or more of the foregoing duties. These breaches of duty were both the cause in fact and proximate cause of Plaintiffs' damages, and were willful, wanton and in reckless disregard of the rights of the Plaintiffs.

31. As a result of Defendants' negligence, gross negligence and recklessness, Plaintiffs suffered damages, including but not limited to, pain and suffering, mental anguish, loss of consortium, terror, bodily injury and disfigurement. To compound matters, Defendants' actions and omissions were willful and wanton and in reckless disregard and conscious indifference to the rights of Plaintiffs. As such, Plaintiffs are entitled to punitive damages.

FOR A THIRD CAUSE OF ACTION

***(Negligence, Gross Negligence and Recklessness against Defendant,
Thompson Industrial Services, LLC, and Defendant, Thompson Construction Group, Inc.)***

32. Plaintiffs repeat and reallege each allegation contained above.

33. Defendants Thompson Industrial Services, LLC and Thompson Construction Group, Inc., acting by and through their agents, employees and representatives, were negligent by:

- a. Failing to adequately train their employees, agents and/or contractors;
- b. Failing to adequately supervise their employees, agents and/or contractors;
- c. Failing to timely and adequately remedy a known hazard;
- d. Failing to give adequate warning of a known hazard;
- e. Failing to implement adequate safety protocols;
- f. Failing to give proper warning of operations taking place in and around the subject vessel;
- g. Failing to properly inspect the subject vessel;

- h. Failing to provide adequate warning that hydro-blasting services were underway and/or had completed on the subject vessel; and
- i. Any and all other negligent and/or grossly negligent acts that the evidence may show.

34. These Defendants owed a duty consistent with the foregoing, and breached one or more of the foregoing duties. These breaches of duty were both the cause in fact and proximate cause of Plaintiffs' damages, and were willful, wanton and in reckless disregard of the rights of the Plaintiffs.

35. As a result of Defendants' negligence, gross negligence and recklessness, Plaintiffs suffered damages, including but not limited to, pain and suffering, mental anguish, loss of consortium, terror, bodily injury and disfigurement. To compound matters, Defendants' actions and omissions were willful and wanton and in reckless disregard and conscious indifference to the rights of Plaintiffs. As such, Plaintiffs are entitled to punitive damages.

FOR A FOURTH CAUSE OF ACTION
***(Negligence, Gross Negligence and Recklessness against Defendant,
Sypris Technologies, Inc. f/k/a Tube-Turns Technologies, Inc.)***

36. Plaintiffs repeat and reallege each allegation contained above.

37. Defendants Sypris Technologies, Inc. f/k/a Tube-Turns Technologies, Inc., acting by and through their agents, employees and representatives, were negligent by:

- a. Failing to adequately design the vessel door and/or hatch;
- b. Failing to adequately manufacture the vessel door and/or hatch;
- c. Failing to provide adequate warning of potential hazards;
- d. Failing to provide adequate components to provide warning of known hazard, such as a level indicator;

- e. Failing to timely and adequately remedy a known hazard;
- f. Failing to implement adequate safety protocols;
- g. Failing to properly inspect the subject vessel; and
- h. Any and all other negligent and/or grossly negligent acts that the evidence may show.

38. These Defendants owed a duty consistent with the foregoing, and breached one or more of the foregoing duties. These breaches of duty were both the cause in fact and proximate cause of Plaintiffs' damages, and were willful, wanton and in reckless disregard of the rights of the Plaintiffs.

39. As a result of Defendant's negligence, gross negligence and recklessness, Plaintiffs suffered damages, including but not limited to, pain and suffering, mental anguish, loss of consortium, terror, bodily injury and disfigurement. To compound matters, Defendant's actions and omissions were willful and wanton and in reckless disregard and conscious indifference to the rights of Plaintiffs. As such, Plaintiffs are entitled to punitive damages.

FOR A FIFTH CAUSE OF ACTION
***(Strict Products Liability against Sypris Technologies, Inc.
f/k/a Tube-Turns Technologies, Inc.)***

40. Plaintiffs repeat and reallege each allegation contained above.

41. For the following section "the equipment" refers to the vessel door and/or hatch involved in the incident described hereinabove.

42. Defendant manufactured, designed, distributed and/or sold the equipment, which injured Plaintiffs, with design, manufacturing, and/or marketing defects.

43. *Marketing Defect and Failure to Warn:* The equipment was designed, manufactured, distributed and/or sold with one or more marketing defects.

- There was an unreasonable risk in the intended or reasonably foreseeable use of such machinery;
- Defendant knew, foresaw, or should have known for foreseen the above risk;
- Defendant failed to adequately warn Plaintiffs of the risks, failed to instruct Plaintiffs of the above risks, and/or failed to adequately instruct Plaintiffs how to avoid the dangers.
- The marketing defect(s) rendered the equipment unreasonably dangerous.

44. *Design Defect:* The equipment was designed, manufactured, distributed and/or sold with one or more design defects.

- Defendant designed the equipment and knew of safer alternative designs that were available at the time of production.
- The safer alternative designs would have prevented or significantly reduced the above risks without substantially impairing the machinery's utility.
- The safer alternative design was economically and technologically feasible at the time the equipment left the control of the Defendant.
- The design defect(s) rendered the equipment unreasonably dangerous.

45. *Manufacturing Defect:* The equipment was designed, manufactured, distributed and/or sold with one or more manufacturing defects. The Defendant manufactured the equipment, and at the time deviated in the quality of construction, plan and/or specifications rendering the equipment unreasonably dangerous.

46. The design, manufacturing and/or marketing defect(s), rendered the equipment unreasonably dangerous.

47. The design, manufacturing and/or marketing defect(s), which rendered the equipment unreasonably dangerous were the producing causes of Plaintiffs' injury.

FOR A SIXTH CAUSE OF ACTION
(Loss of Consortium against all Defendants)

48. Plaintiffs repeat and reallege each allegation contained above.

49. At the time of the incident made the basis of this Complaint, Plaintiff Shirley Ann Lucas was lawfully married to Jacque Lucas in the State of South Carolina.

50. As a proximate result of the wrongful, negligent, grossly negligent and reckless conduct of Defendants, Shirley Ann Lucas was caused to suffer, and in all reasonable probability will continue to suffer in the future, loss of consortium, loss of society, companionship, affection, assistance and conjugal fellowship, all to the detriment of the marital relationship.

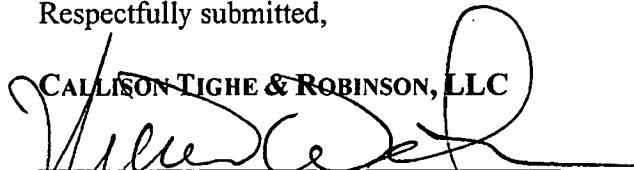
51. The aforementioned injuries and suffering was a cause in fact and proximate cause of Defendants' wrongful, negligent, grossly negligent and reckless conduct.

NOW WHEREFORE, Plaintiffs pray unto this Honorable Court for judgment against Defendants, jointly and severally, for actual and punitive damages in an amount to be determined by a jury, plus costs and for such other and further relief as may be just and proper, including the following:

- a. Compensatory damages against each of the Defendants;
- b. Actual and consequential damages;
- c. Past and future medical expenses;
- d. Past and future lost wages and/or earning capacity;
- e. Past and future pain and suffering;
- f. Past and future mental anguish and emotional distress;
- g. Past and future loss of enjoyment of life;

- h. Past and future impairment and/or disability;
- i. Past and future scarring and disfigurement;
- j. Interest on damages (pre- and post-judgment) in accordance with law;
- k. Past and future loss of household services;
- l. Past and future loss of consortium;
- m. Punitive damages;
- n. Costs of court, and
- o. Such other and further relief to which Plaintiffs are entitled and/or as the Court may deem just and proper.

Respectfully submitted,


CALLISON TIGHE & ROBINSON, LLC

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ATTORNEYS FOR PLAINTIFFS

April 27, 2017
Columbia, South Carolina

JURY TRIAL DEMANDED

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)
Jacque Lucas, Shirley Ann Lucas and)
Daniel Simerly,)
Plaintiffs,)
vs.)
KapStone Paper and Packaging Corporation,)
KapStone Container Corporation, Safway)
Group Holdings, LLC, Easy Way Insulation)
Co., Inc., Sypris Technologies, Inc. f/k/a)
Tube-Turns Technologies, Inc., Thompson)
Construction Group, Inc. and Thompson)
Industrial Services, LLC,)
Defendants.)

IN THE COURT OF COMMON PLEAS
FOR THE NINTH JUDICIAL CIRCUIT
C/A NO: 2017-CP- 10 - 838

**COMPLAINT
(JURY TRIAL DEMANDED)**

FILED
2017 FEB 17 PM 4:33
JULIE J. ARMSTRONG
CLERK OF COURT
BY

The Plaintiffs, Jacque Lucas, Shirley Ann Lucas and Daniel Simerly (collectively referred to as "Plaintiffs") complaining of the Defendants KapStone Paper and Packaging Corporation, KapStone Container Corporation, Safway Group Holdings, LLC, Easy Way Insulation Co., Inc., Sypris Technologies, Inc. f/k/a Tube-Turns Technologies, Inc., Thompson Construction Group, Inc. and Thompson Industrial Services, LLC (collectively referred to as "Defendants"), would respectfully show unto this court as follows:

THE PARTIES, JURISDICTION AND VENUE

1. Plaintiffs are citizens and residents of South Carolina.
2. Defendant KapStone Paper and Packaging Corporation is a foreign corporation authorized to conduct business in and, in fact, is operating in the State of South Carolina.

3. Defendant KapStone Container Corporation is a foreign corporation authorized to conduct business in and, in fact, is operating in the State South Carolina, having its principal place of business in Charleston County.

4. Defendant Safway Group Holdings, LLC is a foreign corporation that is authorized to conduct business in and, in fact, is operating in the State of South Carolina, having its principal place of business in Charleston County.

5. Defendant Easy Way Insulation Co., Inc. is a South Carolina Corporation authorized to conduct business in South Carolina, having its principal place of business in Charleston County.

6. Defendant Sypris Technologies, Inc. f/k/a Tube-Turns Technologies, Inc. ("Sypris") is a foreign corporation with a principal place of business in Kentucky, but which conducts a substantial amount of business in South Carolina.

7. Defendant Thompson Construction Group, Inc. is a South Carolina Corporation authorized to do business in South Carolina with its principal place of business in Sumter County, South Carolina.

8. Defendant Thompson Industrial Services, LLC is a foreign corporation that is authorized to conduct business in South Carolina and which conducts substantial business in South Carolina.

9. This Court has jurisdiction over this matter and venue properly lies in Charleston County, South Carolina.

FACTS

10. On or about May 24, 2016, Plaintiffs Jacque Lucas and Daniel Simerly were working at a facility owned and operated in North Charleston, South Carolina by KapStone Charleston Kraft, LLC ("Plaintiffs' Employer.")

11. At the time of the incident, Mr. Lucas and Mr. Simerly were clearing and cleaning a large vessel used to hold hot chemicals.

12. Upon information and belief, agents and/or employees of Defendant Thompson Industrial Services, LLC and Defendant Thompson Construction Group, Inc. were performing hydro-blasting services on the subject vessel at the time of the incident and/or immediately prior to the incident.

13. Both Mr. Lucas and Mr. Simerly were ordered to open a door at the bottom of the vessel.

14. Upon information and belief, Sypris was the manufacturer, designer and distributor of the vessel door.

15. Upon information and belief, the vessel door, which was designed, manufactured and distributed by Sypris, was located an estimated eight (8) feet in the air, and was only accessible by a scaffolding system.

16. Upon information and belief, this scaffolding was erected, owned and maintained by Defendant Safway Group Holdings, LLC and Defendant Easy Way Insulation Co., Inc. To perform the job, both Mr. Lucas and Mr. Simerly had to stand atop the scaffolding.

17. On information and belief, the vessel door became clogged or stuck, but thereafter broke loose causing scalding hot liquids and chemicals to pour down upon Mr. Lucas and Mr. Simerly.

18. The vessel door was improperly designed and/or manufactured by Defendant Sypris.

19. Additionally, given the layout of the scaffolding, Mr. Lucas was caused to be temporarily trapped, and subsequently required to jump from the scaffolding system, falling eight (8) feet.

20. Upon information and belief, Defendant KapStone Paper and Packaging Corporation and Defendant KapStone Container Corporation provides consulting and other services to Plaintiffs' Employer to develop, supervise and implement safety procedures at the subject facility, as well as authorize certain capital projects at the facility.

21. Defendants KapStone Paper and Packaging Corporation and Kapstone Container Corporation had a duty to, but failed to identify the dangers inherent in the process of cleaning the vessel, as well as failed to recommend measures to avoid the injuries suffered by Plaintiffs.

22. As a direct and proximate cause of the above, Mr. Lucas and Mr. Simerly suffered severe injuries, including third degree burns, over a significant portion of their bodies, as well as other injuries to their legs, back and neck. To compound matters, as a result of this incident, and the injuries sustained, Mr. Lucas and Mr. Simerly have each been caused to suffer severe emotional and mental injuries.

23. In addition to the above, the severe injuries to Mr. Lucas have also caused injury to his wife, Plaintiff Shirley Ann Lucas.

FOR A FIRST CAUSE OF ACTION

(Negligence, Gross Negligence and Recklessness against Defendant, KapStone Paper and Packaging Corporation, and Defendant, KapStone Container Corporation)

24. Plaintiffs repeat and reallege each allegation contained above.

25. Defendants KapStone Paper and Packaging Corporation and KapStone Container Corporation, acting by and through their agents, employees and representatives, were negligent by:

- a. Failing to adequately train their employees, agents and/or contractors;
- b. Failing to adequately supervise their employees, agents and/or contractors;
- c. Failing to timely and adequately remedy a known hazard;
- d. Failing to give adequate warning of a known hazard;
- e. Failing to provide a safe working environment;
- f. Failing to implement adequate safety protocols;
- g. Failing to timely approve necessary capital projects;
- h. Failing to give proper warning of operations taking place in and around the subject vessel;
- i. Failing to properly inspect the subject vessel; and
- j. Any and all other negligent and/or grossly negligent acts that the evidence may show.

26. These Defendants owed a duty consistent with the foregoing, and breached one or more of the foregoing duties. These breaches of duty were both the cause in fact and proximate cause of Plaintiffs' damages, and were willful, wanton and in reckless disregard of the rights of the Plaintiffs.

27. As a result of Defendants' negligence, gross negligence and recklessness, Plaintiffs suffered damages, including but not limited to, pain and suffering, mental anguish, loss of consortium, terror, bodily injury and disfigurement. Defendants' actions and omissions were

willful and wanton and in reckless disregard and conscious indifference to the rights of Plaintiffs.

As such, Plaintiffs are entitled to punitive damages.

FOR A SECOND CAUSE OF ACTION

***(Negligence, Gross Negligence and Recklessness against Defendant,
Safway Group Holdings, LLC, and Defendant, Easy Way Insulation Co., Inc.)***

28. Plaintiffs repeat and reallege each allegation contained above.

29. Defendants Safeway Group Holdings, LLC and Easy Way Insulation Co., Inc., acting by and through their agents, employees and representatives, were negligent by:

- a. Failing to adequately train their employees, agents and/or contractors;
- b. Failing to adequately supervise their employees, agents and/or contractors;
- c. Failing to timely and adequately remedy a known hazard;
- d. Failing to give adequate warning of a known hazard;
- e. Failing to implement adequate safety protocols;
- f. Failing to provide adequate scaffolding;
- g. Failing to properly inspect the subject scaffolding;
- h. Failing to adequately maintain the subject scaffolding; and
- i. Any and all other negligent and/or grossly negligent acts that the evidence may show.

30. These Defendants owed a duty consistent with the foregoing, and breached one or more of the foregoing duties. These breaches of duty were both the cause in fact and proximate cause of Plaintiffs' damages, and were willful, wanton and in reckless disregard of the rights of the Plaintiffs.

31. As a result of Defendants' negligence, gross negligence and recklessness, Plaintiffs suffered damages, including but not limited to, pain and suffering, mental anguish, loss of

consortium, terror, bodily injury and disfigurement. To compound matters, Defendants' actions and omissions were willful and wanton and in reckless disregard and conscious indifference to the rights of Plaintiffs. As such, Plaintiffs are entitled to punitive damages.

FOR A THIRD CAUSE OF ACTION

***(Negligence, Gross Negligence and Recklessness against Defendant,
Thompson Industrial Services, LLC, and Defendant, Thompson Construction Group, Inc.)***

32. Plaintiffs repeat and reallege each allegation contained above.
33. Defendants Thompson Industrial Services, LLC and Thompson Construction Group, Inc., acting by and through their agents, employees and representatives, were negligent by:
 - a. Failing to adequately train their employees, agents and/or contractors;
 - b. Failing to adequately supervise their employees, agents and/or contractors;
 - c. Failing to timely and adequately remedy a known hazard;
 - d. Failing to give adequate warning of a known hazard;
 - e. Failing to implement adequate safety protocols;
 - f. Failing to give proper warning of operations taking place in and around the subject vessel;
 - g. Failing to properly inspect the subject vessel;
 - h. Failing to provide adequate warning that hydro-blasting services were underway and/or had completed on the subject vessel; and
 - i. Any and all other negligent and/or grossly negligent acts that the evidence may show.
34. These Defendants owed a duty consistent with the foregoing, and breached one or more of the foregoing duties. These breaches of duty were both the cause in fact and proximate

cause of Plaintiffs' damages, and were willful, wanton and in reckless disregard of the rights of the Plaintiffs.

35. As a result of Defendants' negligence, gross negligence and recklessness, Plaintiffs suffered damages, including but not limited to, pain and suffering, mental anguish, loss of consortium, terror, bodily injury and disfigurement. To compound matters, Defendants' actions and omissions were willful and wanton and in reckless disregard and conscious indifference to the rights of Plaintiffs. As such, Plaintiffs are entitled to punitive damages.

FOR A FOURTH CAUSE OF ACTION

***(Negligence, Gross Negligence and Recklessness against Defendant,
Sypris Technologies, Inc. f/k/a Tube-Turns Technologies, Inc.)***

36. Plaintiffs repeat and reallege each allegation contained above.

37. Defendants Sypris Technologies, Inc. f/k/a Tube-Turns Technologies, Inc., acting by and through their agents, employees and representatives, were negligent by:

- a. Failing to adequately design the vessel door and/or hatch;
- b. Failing to adequately manufacture the vessel door and/or hatch;
- c. Failing to provide adequate warning of potential hazards;
- d. Failing to provide adequate components to provide warning of known hazard, such as a level indicator;
- e. Failing to timely and adequately remedy a known hazard;
- f. Failing to implement adequate safety protocols;
- g. Failing to properly inspect the subject vessel; and
- h. Any and all other negligent and/or grossly negligent acts that the evidence may show.

38. These Defendants owed a duty consistent with the foregoing, and breached one or more of the foregoing duties. These breaches of duty were both the cause in fact and proximate cause of Plaintiffs' damages, and were willful, wanton and in reckless disregard of the rights of the Plaintiffs.

39. As a result of Defendant's negligence, gross negligence and recklessness, Plaintiffs suffered damages, including but not limited to, pain and suffering, mental anguish, loss of consortium, terror, bodily injury and disfigurement. To compound matters, Defendant's actions and omissions were willful and wanton and in reckless disregard and conscious indifference to the rights of Plaintiffs. As such, Plaintiffs are entitled to punitive damages.

FOR A FIFTH CAUSE OF ACTION
***(Strict Products Liability against Defendant Sypris Technologies, Inc.
f/k/a Tube-Turns Technologies, Inc.)***

40. Plaintiffs repeat and reallege each allegation contained above.

41. For the following section "the equipment" refers to the vessel door and/or hatch involved in the incident described hereinabove.

42. Defendant manufactured, designed, distributed and/or sold the equipment, which injured Plaintiffs, with design, manufacturing, and/or marketing defects.

43. *Marketing Defect and Failure to Warn:* The equipment was designed, manufactured, distributed and/or sold with one or more marketing defects.

- There was an unreasonable risk in the intended or reasonably foreseeable use of such machinery;
- Defendant knew, foresaw, or should have known for foreseen the above risk;
- Defendant failed to adequately warn Plaintiffs of the risks, failed to instruct Plaintiffs of the above risks, and/or failed to adequately instruct Plaintiffs how to

avoid the dangers.

- The marketing defect(s) rendered the equipment unreasonably dangerous.

44. *Design Defect:* The equipment was designed, manufactured, distributed and/or sold with one or more design defects.

- Defendant designed the equipment and knew of safer alternative designs that were available at the time of production.
- The safer alternative designs would have prevented or significantly reduced the above risks without substantially impairing the machinery's utility.
- The safer alternative design was economically and technologically feasible at the time the equipment left the control of the Defendant.
- The design defect(s) rendered the equipment unreasonably dangerous.

45. *Manufacturing Defect:* The equipment was designed, manufactured, distributed and/or sold with one or more manufacturing defects. The Defendant manufactured the equipment, and at the time deviated in the quality of construction, plan and/or specifications rendering the equipment unreasonably dangerous.

46. The design, manufacturing and/or marketing defect(s), rendered the equipment unreasonably dangerous.

47. The design, manufacturing and/or marketing defect(s), which rendered the equipment unreasonably dangerous were the producing causes of Plaintiffs' injury.

FOR A SIXTH CAUSE OF ACTION
(Loss of Consortium against all Defendants)

48. Plaintiffs repeat and reallege each allegation contained above.

49. At the time of the incident made the basis of this Complaint, Plaintiffs were lawfully married in the State of South Carolina.

50. As a proximate result of the wrongful, negligent, grossly negligent and reckless conduct of Defendants, the Plaintiffs were caused to suffer, and in all reasonable probability will continue to suffer in the future, loss of consortium, loss of society, companionship, affection, assistance and conjugal fellowship, all to the detriment of the marital relationship.

51. The aforementioned injuries and suffering was a cause in fact and proximate cause of Defendants' wrongful, negligent, grossly negligent and reckless conduct.

NOW WHEREFORE, Plaintiffs pray unto this Honorable Court for judgment against Defendants, jointly and severally, for actual and punitive damages in an amount to be determined by a jury, plus costs and for such other and further relief as may be just and proper, including the following:

- a. Compensatory damages against each of the Defendants;
- b. Actual and consequential damages;
- c. Past and future medical expenses;
- d. Past and future lost wages and/or earning capacity;
- e. Past and future pain and suffering;
- f. Past and future mental anguish and emotional distress;
- g. Past and future loss of enjoyment of life;
- h. Past and future impairment and/or disability;
- i. Past and future scarring and disfigurement;
- j. Interest on damages (pre- and post-judgment) in accordance with law;
- k. Past and future loss of household services;
- l. Past and future loss of consortium;
- m. Punitive damages;
- n. Costs of court, and

- o. Such other and further relief to which Plaintiffs are entitled and/or as the Court may deem just and proper.

Respectfully submitted,

CALLISON TIGHE & ROBINSON, LLC



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AND

ARNOLD & ITKIN LLP

Kurt Arnold (to be admitted *Pro Hac Vice*)

Texas Bar No. 24036150

J. Kyle Findley (to be admitted *Pro Hac Vice*)

Texas Bar No. 24076382

Adam Lewis (to be admitted *Pro Hac Vice*)

Texas Bar No. 24094099

ATTORNEYS FOR PLAINTIFFS

JURY TRIAL DEMANDED

STATE OF SOUTH CAROLINA	)	THE COURT OF COMMON PLEAS
	)	
COUNTY OF CHARLESTON	)	DOCKET NO. 2017-CP-10-0838
	)	
	)	
JACQUE LUCAS, SHIRLEY ANN	)	
LUCAS, and DANIEL SIMERLY	)	
	)	
Plaintiffs	)	
	)	
vs.	)	
	)	
KAPSTONE PAPER AND PACKAGING	)	
CORPORATION, KAPSTONE KRAFT	)	
PAPER CORPORATION, et al	)	
	)	
Defendants	)	
	)	
	)	
	)	TRANSCRIPT OF RECORD

September 27, 2019
Charleston, South Carolina

B E F O R E:

THE HONORABLE JENNIFER B. MCCOY, JUDGE

A P P E A R A N C E S:

J. KYLE FINDLEY, ESQ.
KALA F. SELLERS, ESQ.
Attorneys for the Plaintiffs

RICHARD H. WILLIS, ESQ.
DEREK D. TARVER, ESQ.
Attorneys for the Defendants

JOYCE C. RUEGER,
Certified Verbatim Reporter-Master
Circuit Court Reporter

[Certified Copy Provided for: Callison Tighe Robinson, LLC]

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No exhibits were introduced

1 PROCEEDINGS

2 THE COURT: I understand we are waiting on our
3 deputy clerk to come set up the technology aspects of
4 today's hearing, is that right?

5 MR. TARVER: Yes, Your Honor.

6 THE COURT: Okay.

7 MR. TARVER: I have a couple of notebooks as well
8 if I could bring them up to you?

9 THE COURT: Sure. Add to my stack.

10 [Whereupon, Mr. Tarver provides documents to the
11 Court]

12 THE COURT: I've got the Plaintiff's notebook too
13 up here with me that was submitted I think day before
14 yesterday so.

15 [Off the record momentarily awaiting a deputy clerk
16 to assist with technology in the courtroom]

17 THE COURT: All right, we're here on Defendant's
18 Motion to Dismiss, is that correct Mr. Willis?

19 MR. WILLIS: Yes, ma'am.

20 THE COURT: Before we begin I'm going to ask all
21 attorneys present and wishing to be heard today to state
22 their names and the names of the parties they are here
23 representing.

24 MR. WILLIS: Your Honor, I'm Richard Willis. And
25 with me today is Mr. Derek Tarver. We represent the

Jacque and Shirley Ann Lucas, Daniel Simerly v KapStone Paper & Packaging, et al
Defendant's Motion to Dismiss
September 27, 2019

1 KapStone Defendants in the case. There are two of them;
2 KapStone Paper and Packaging and KapStone Kraft Paper
3 Company. I'll be doing the primary argument. I may ask
4 Mr. Tarver in with some of the rebuttal if there is any.
5 THE COURT: Okay.
6 MR. WILLIS: Thank you.
7 THE COURT: Thank you.
8 MR. FINDLEY: Good morning, Your Honor. Kyle
9 Findley representing Plaintiffs Jacque Lucas, Shirley Ann
10 Lucas, and Daniel Simerly.
11 MS. SELLERS: Kala Sellers on behalf of the
12 Plaintiffs as well, Your Honor.
13 MR. WILLIAMS: I'm Reece Williams, Your Honor. I
14 don't plan to make any remarks. I will maintain a
15 respectful silence.
16 THE COURT: Yes, sir. Thank you, Mr. Williams.
17 All right Mr. Willis, this is your motion. I'm happy to
18 hear from you.
19 MR. WILLIS: Thank you, Your Honor. With your
20 permission may I argue from the ---
21 THE COURT: --- wherever you're most comfortable ---
22 MR. WILLIS: --- table rather than the lectern ---
23 THE COURT: --- absolutely ---
24 MR. WILLIS: --- because we've got a lot of stuff
25 to spread around so ---

1 THE COURT: --- absolutely.

2 MR. WILLIS: Thank you, Your Honor. If for any
3 reason Your Honor if you or the court reporter can't hear
4 me, please let me know.

5 THE COURT: Okay.

6 MR. WILLIS: So Your Honor, this is at long last
7 the argument on the Motion to Dismiss that was initially
8 filed in this case after Plaintiffs filed their lawsuit.
9 We've talked about it on and off with the Court. There's
10 been a great deal of briefing and a great deal of
11 information submitted. And so I don't want to belabor it
12 or talk about anything Your Honor already knows.

13 When we initially filed this motion we included a
14 12(b)(6) ground as well on the grounds that the parent
15 corporation doesn't have a duty to the employee of the
16 subsidiary. That's really more appropriate for summary
17 judgment because it's very factual and so we withdrew
18 that. So this is just a 12(b)(1) Motion to Dismiss. And
19 it's 12(b)(1) because it questions whether or not the
20 Court has jurisdiction over this matter.

21 And the basis for that as Your Honor knows is the
22 Workers Compensation Act exclusivity rule as it is
23 applied by the Supreme Court in the Poch v Bayshore case
24 which we've already discussed pretty extensively with the
25 Court. That exclusivity rule as the Court knows says

1 that if you are injured on the job your exclusive remedy
2 against your employer is Worker's Comp. And then Poch
3 says that the immunity may be extended beyond the
4 employer to parent corporations of the employer if they
5 are operating essentially as one economic entity.

6 The Court's inquiry really is what was the nature of
7 the relationship between these entities on May 24, 2016
8 when Mr. Simerly and Mr. Lucas were injured? And the
9 overall issue for the Court to decide is did the KapStone
10 Defendants and KapStone of Charleston operate as
11 economically integrated entities for Worker's
12 Compensation purposes. And that's a quotation directly
13 from the Poch case.

14 The Poch test, Your Honor, and again I apologize for
15 reading to the Court I have copies of all the relevant
16 cases and Your Honor probably I know you prefer
17 electronic stuff but these are all the cases that we're
18 going to talk about today.

19 THE COURT: I actually prefer paper so that will be
20 fine.

21 MR. WILLIS: All right. We too, Your Honor, so
22 that's why I brought them.

23 THE COURT: All right.

24 [Whereupon, Mr. Willis proffers documents to the
25 Court]

1 MR. WILLIS: So the Poch case says, Your Honor,
2 it's right up there on the screen, that a holding company
3 and its wholly owned subsidiary will be considered a
4 single employer for Worker's Compensation purposes if the
5 two corporations are so integrated and co-mingled that
6 neither can be realistically viewed as a separate
7 economic entity, which is very much of a practical
8 analysis.

9 What is the reality of this as opposed to what is
10 the sort of corporate technicalities that are involved in
11 it. It is a practical approach. And if you read the
12 Poch case I think Your Honor will see that.

13 The case goes on to quote an authority and the
14 opinion and it sort of states the test at a little
15 different angle. It says where such integration is shown
16 a Defendant is immune from the employee's court actions
17 as the two corporations can be viewed as only one
18 economic entity.

19 And so necessarily then our focus here is primarily
20 on the economics of the relationship between KapStone
21 Charleston, which is an LLC, KapStone Kraft, which is a
22 corporation that is the sole managing member of the LLC,
23 and then KapStone Paper and Packaging, which is the
24 overall parent corporation that owns 100 percent of the
25 stock of KapStone Kraft and therefore KapStone

1 Charleston. First, Your Honor, let's talk a little bit
2 about your standard of review and then in the event that
3 this goes up on appeal what the standard of review would
4 be there. This is not like a typical 12(b)(6) motion
5 where the Court has to assume that facts as pled are
6 true.

7 There are no presumptions that flow for or against
8 the moving party. This is not like a Motion for Summary
9 Judgment. This is very much like an issue that the Court
10 sitting as the fact finder decides based upon a
11 preponderance of the evidence.

12 And as the Poch Court stated the Court has the power
13 and duty to review the entire record and decide the
14 jurisdictional facts in accordance with the preponderance
15 of the evidence. So Your Honor is essentially sitting as
16 a jury on this question of whether or not these are
17 sufficiently integrated to make it fair to extend
18 immunity upstream.

19 The only sort of it's not really a presumption but
20 the only principal that maybe would differ from that a
21 little bit is the one that is cited in the case which
22 says any doubts as to a worker's status should be
23 resolved in favor of including him or her under the
24 Worker's Compensation Act. And it goes on to say it
25 sites a case called Olmstead v Shakespeare. That was a

1 statutory employee case. And Olmstead says broad
2 instruction in favor of coverage is the standard review
3 for cases in which the Worker's Compensation statute is
4 used as a shield to liability under another theory.

5 So interestingly there is a presumption I guess or a
6 policy in favor of having these cases heard as Worker's
7 Comp cases whether that is being used as a sword or a
8 shield. In the Mickle v Boyd Brothers case which was
9 cited in 2015 the employee is using it as a sword there
10 claiming well, we ought to be entitled to Worker's Comp
11 even though my employer is too small to carry it because
12 the parent of the corporation has it. So it is being
13 used as a sword in that case.

14 In our case, in Poch and in our case here we're
15 using it as a shield. And in the Olmstead case there was
16 an argument that well the act ought to be construed
17 always in favor of the worker. And the Supreme Court
18 said no, that's not true; it should be construed in favor
19 of coverage, in favor of coverage by Worker's Comp. And
20 that's parroted in the Poch case.

21 So, Your Honor, I'm sure Your Honor is familiar now
22 with the eight Poch factors. And we're going to go
23 through each of these one at a time and we're going to
24 talk a little bit about how those factors were applied in
25 the Monsanto case, how they were applied in the Poch

1 case, how they were applied in the Mickle case and then
2 how they should be applied here in this case. So do the
3 companies maintain separate identities? Of course, our
4 position is that while they're separate companies they
5 have shared identity. Do they maintain separate Boards
6 of Directors? Our position is that the Boards of
7 Directors, that the directors and officers of all three
8 companies are the same and they play the same role.

9 Do they transact business from different locations
10 under different managers? There is one headquarters
11 here, which is Skokie, Illinois; that's where all three
12 companies are headquartered and they transact businesses
13 through the various divisions that KapStone Paper and
14 Packaging owns.

15 Do they hire and pay their own employees? Your
16 Honor, I think you'll find the evidence there is mixed
17 that some hiring is done by KapStone Paper and Packaging
18 or KapStone Kraft for people who are going to work in
19 Charleston. But most of the hiring for the Charleston
20 people is done in Charleston.

21 But the employment documents and the hiring
22 documents are mixed. They use the name KapStone
23 interchangeably. We'll go over that. Do they pay their
24 own employees? KapStone Paper and Packaging Your Honor
25 funds 100 percent of the payroll for all of their

1 companies within their organization and they do it
2 through ADP. And we'll go through and will show you
3 evidence of that. Do the companies hold themselves out
4 to their employees as separate identities? Your Honor, I
5 think the record and we will show you the evidence that
6 KapStone tells the public and the employees that they
7 work for the KapStone organization and that there is a
8 shared identity.

9 And that factors a little odd. You'll be able to
10 see what it means when you compare it to how it was
11 implemented in the Monsanto case. In the Monsanto case
12 Judge Wilkins observed that the fact that Monsanto owned
13 Hale and Fovil was a quote closely guarded corporate
14 secret. It wasn't something that was shared with the
15 employees.

16 Do they engage in different business activities? We
17 believe they don't Your Honor, this is the paper
18 business. And while yes, each entity does something a
19 little bit different it's all part and parcel of the
20 paper business.

21 Do they maintain separate books, bank accounts and
22 payroll records? Your Honor, the evidence is that the
23 accounting system is consolidated. It's all one system.
24 KapStone Paper and Packaging doesn't have to go to
25 KapStone Kraft and ask to see its books that are kept

1 separately. It's all kept in one big system. Now, can
2 it be segregated? Yes. Can it be manipulated so that
3 you can look at the activities of just one entity or just
4 one division or just one product line? Sure. This is
5 electronic. And of course in 1982 when the Monroe v
6 Monsanto case was decided maybe things weren't quite as
7 sophisticated as they are now in terms of electronic
8 consolidated accounting systems.

9 And finally separate tax returns. There is one
10 federal tax return is filed by KapStone Paper and
11 Packaging on behalf of all its entities. And we'll talk
12 about that in a little more detail.

13 All right, so the case law, Your Honor, the leading
14 cases are Monroe v Monsanto, Poch v Bayshore, and Mickle
15 v Boyd Brothers. The Monroe case cites Brown v Morehead
16 Oil Company which is an older case as well as a case
17 called Strickland v Textron which is an opinion from
18 Judge Chapman from the mid '80 as well as a very old case
19 called Gordon v Hollywood Beaufort Packaging Company
20 involving banana crates of all things. But those cases
21 are in your package of materials to review.

22 And not surprisingly Your Honor we view the case law
23 much differently than the Plaintiffs do. And I've found
24 that in those instances it's better for you to not take
25 my word for it or not take the Plaintiffs word for it but

1 read the cases. And they are there for your review. So
2 let me go over the facts of each case very briefly so
3 Your Honor can understand this comparison we're getting
4 ready to show you.

5 In the Monroe v Monsanto case which was decided I
6 believe in 1982 the Plaintiff, Mr. Monroe, had his arm
7 torn off in a machine called gamble cutter that was part
8 of Fovil's business. They reprocessed carper fiber. And
9 so they would cut the carpet fiber up with these cutters
10 and this person got their arm in it and received a very
11 serious injury.

12 And so they recovered Worker's Compensation from
13 Fovil and they then sued both Hale and Monsanto in civil
14 court. And Hale and Monsanto moved for summary judgment
15 claiming that they were protected by the Worker's Comp
16 immunity.

17 And the Plaintiff agreed to or gave up their claim
18 against Monsanto and so the Court then issued summary
19 judgment in Monsanto's favor on that issue. But the
20 Court found there was insufficient economic integration
21 between Fovil and Hale and so that it was fair for the
22 Plaintiff to be able to sue Hale and so they denied
23 Plaintiff's summary judgment motion and let the case go
24 forward as to Hale. Judge Wilkins observed in that
25 District Court opinion that it was a novel question of

1 South Carolina law that hadn't come up before. And he's
2 basically the one that came up with these Poch factors
3 that later the Supreme Court adopted with a slight
4 modification. But that's the facts of the Monroe v
5 Monsanto case.

6 And the next one, Your Honor is the Poch case cited
7 in 2013; and a little more convoluted facts there than we
8 have here. In that case the Plaintiffs were temporary
9 employees who worked for Job Place. Bayshore Corporation
10 is a Virginia company that is in the highway construction
11 business.

12 They got a part of the job award for the Carolina
13 Bays Parkway and so they set up an entity in South
14 Carolina called Bayshore South Carolina to supply
15 concrete floors and large pieces of pre-stressed concrete
16 for the highway construction. So Bayshore South Carolina
17 is the subsidiary. Bayshore Corporation is the parent.

18 The Plaintiffs were working at the Bayshore South
19 Carolina site, which was actually leased by Bayshore
20 Corporation and they were demobilizing it basically.
21 They were removing pilings and stuff. And a ditch was
22 dug, which was quite deep and the Plaintiffs got down in
23 the ditch and the ditch collapsed and one of the workers
24 was killed and another one was injured. So they
25 recovered Worker's Compensation from Job Place and then

1 they sued Bayshore South Carolina and Bayshore Corp. The
2 trial court dismissed the case and found under statutory
3 employee principle and then it was appealed. The Court
4 of Appeals affirmed that and then that was appealed on to
5 the South Carolina Supreme Court. And the Supreme Court
6 affirmed the result but criticized the Court of Appeals
7 rationale.

8 They said no while the statutory employer is the
9 test for the claim made by the Plaintiff's employees at
10 Bayshore South Carolina the test as to whether or not it
11 should be extended to Bayshore Corp is the Poch -- is the
12 Monroe v Monsanto case. And so they adopted those eight
13 factors in that case. And so that's obviously the
14 leading case here. And as a result of that they held
15 Bayshore South Carolina and Bayshore Corp immune.

16 Interestingly in that case the Worker's Comp was not
17 paid for or provided by Bayshore. It was paid for and
18 provided by Job Place. And so that was the immunity that
19 Bayshore was relying on.

20 And then finally Your Honor there is a 2015 case
21 decided by the Court of Appeals. It's a short case.
22 We've included it only because it's just the most recent
23 case that is reported that cited Poch. I've got to tell
24 Your Honor it's not particularly authoritative. It's not
25 published. But I think it does provide, it sheds some

1 light on how the Appellate Courts are applying this
2 doctrine. In that case the Plaintiff was an employee of
3 a company called WTI. He was a truck driver. He was
4 injured pulling tarp off a truck. He filed a Worker's
5 Comp claim against Boyd Brothers in Alabama. Then he
6 moved to South Carolina and so he dropped his claim in
7 Alabama and he re-filed it in South Carolina.

8 And when he re-filed it Boyd Brothers took the
9 position we're not your employer. You work for WTI, our
10 subsidiary. They only had four employees therefore you
11 don't get Worker's Comp. So this is the one where Poch
12 is used as a sword, not a shield.

13 The employee says no, you're essentially operating
14 as one economic entity therefore I am entitled to make a
15 claim against Boyd Brothers Worker's Comp and the Court
16 agreed with the Plaintiff on that.

17 All right. And then finally we've got our case,
18 Your Honor, which is not quite factually as complicated
19 as Poch. So the Plaintiff's employee -- so Mr. Lucas and
20 Mr. Simerly are employed by KapStone Charleston. They
21 are injured when they removed the hatch of a tank that
22 contains black liquor.

23 They didn't realize that the black liquor was in the
24 tank. It was. It flowed out and it got on them and
25 created serious burns. So there is no real dispute about

1 what happened in the case. They collect four million
2 dollars in Worker's Comp. There is a dispute between us
3 and the Plaintiffs as to who pays that. We believe that
4 Worker's Comp is paid by KapStone Paper and Packaging not
5 by KapStone Kraft. We think the documents reflect that.

6 But in any event there is one policy of Worker's
7 Comp insurance that KapStone Paper and Packaging procured
8 that covers all of their entities. And that insurance is
9 issued by Century and the Century representative is here
10 today and has intervened as a party Plaintiff in the
11 case.

12 So let me -- to sort of help us understand these
13 cases and where they fit on this continuum of integration
14 we've put together this handy dandy chart. I'm sure as
15 Your Honor is aware whether or not a company is
16 sufficiently integrated is not really a binary question.
17 It's a continuum. And corporate structures can range
18 from not integrated at all to 100 percent integrated.

19 And our argument today is not that KapStone is the
20 most integrated corporation in America. It's not. But
21 where would it fit on this continuum of integration?
22 What is integrated enough in order to fairly evoke the
23 Poch factors.

24 And we believe that these cases provide some
25 milestones to the Court as to -- so how has the Appellate

1 Court treated it? So in Monroe v Monsanto they found
2 that the companies did not share a shared corporate
3 identify. They found that while there was some
4 overlapping of directors and officers that basically
5 these boards were essentially separate.

6 They found that they operated from different
7 locations. They paid their own employees. They not only
8 did not hold themselves out as related but the fact that
9 Monsanto owned Fovil and Hale and is characterized as a
10 closely guarded corporate secret.

11 And from reading the opinion I think that that had a
12 lot of influence on Judge Wilkins. Same business
13 activities? No. The Court found that Fovil and Hale and
14 Monsanto all did different things. And this, of course,
15 is back during the era when these giant conglomerates
16 owned and did hundreds of different things as opposed to
17 one business.

18 Shared books, bank accounts and payroll records?
19 No. Each company had its own books. And the only yes I
20 answered was well, there was one tax return. And so the
21 conclusion there that the Court reached was that Fovil
22 and Hale were not integrated. So that's why we got them
23 down on the blue less integrated portion of that
24 continuum up there. The next case is Mickle v Boyd
25 Brothers. There you've got different corporate

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1 identities, same boards of directors and officers,
2 operating out of different locations. There was some
3 collective hiring and pay but there was also some
4 different hiring and pay so that's kind of a yes no. Did
5 they hold themselves out as related? Yes. The trucks
6 said WTI a subsidiary of Boyd Brothers. And Mr. Mickle
7 knew that.

8 Did they engage in the same business activities?
9 Yes, it was both trucking companies. Did they have
10 shared books, bank accounts, and payroll records? No,
11 they did not. They were separate. And they filed -- I
12 think that the tax return is silent. The Court just
13 doesn't deal with the tax return issue so we assume that
14 to be no.

15 But despite that they found sufficient integration
16 to extend the obligation to pay Worker's Comp to Boyd
17 Brothers. The next case is Poch. And this is how the
18 Supreme Court came down on Poch. They found that there
19 was a shared corporate identity between Bayshore
20 Corporation and Bayshore South Carolina. They found that
21 there were overlapping of directors and officers.

22 While they operated from separate locations they
23 shared similar employment applications, similar corporate
24 documents; that sort of thing. Collectively hired and
25 paid employees? Some of the Bayshore people were paid by

1 -- some of the Bayshore South Carolina people were paid
2 by Bayshore Corp but Bayshore South Carolina was paying
3 the employees that were injured. So that's sort of a yes
4 no. Do they hold themselves out as related? Yes, they
5 did.

6 Were they involved in the same business activities?
7 Yes. Shared books, bank accounts and payroll records?
8 No. There were some records that were shared; there were
9 some that were separate. And then did they file separate
10 tax returns in that case? But again, looking at the
11 preponderance of the evidence the Supreme Court found
12 there was sufficient integration to extend the Worker's
13 Comp immunity upstream to Bayshore.

14 And so how does that compare to KapStone? And we're
15 going to go through that in unfortunately Your Honor
16 excruciating detail. So let's move on to the next. So
17 here are the factors. Do the businesses maintain
18 separate corporate identities? And Your Honor, this I
19 think is capable of being confused as to what does the
20 Court mean by corporate identity? And does it mean are
21 they separately incorporated? No, it means more than
22 that.

23 If we were just looking at whether these companies
24 are separately incorporated we wouldn't even be here
25 talking about this today. And if Your Honor looks on

1 page 9 of the Poch opinion the very first paragraph on
2 page 9 this is the only reading of the case I promise I'm
3 going to do. I'm just going to read one paragraph. But
4 this is how the Supreme Court views this corporate
5 identify question. They say:

6 First the two businesses did not clearly maintain
7 separate identities as Colonna, the President of both
8 corporations testified that Bayshore was used
9 interchangeably in signing documents including the lease
10 agreement for the project and the Job Place Contract.

11 Furthermore, documents such as letterhead and
12 employment applications, benefit packages, safety manuals
13 used at the South Carolina cite displayed a standard
14 Bayshore Corp designation.

15 So they're looking at the brand issue here. In
16 terms of Worker's Compensation coverage Colonna testified
17 that one policy covered all corporations but then
18 separate self insured reserve funds were set up for each
19 corporation. That's the evidence there and in the face
20 of that evidence they find yes, that they have a shared
21 corporate identity.

22 And Your Honor corporate identify is defined, we've
23 got the definition up there, pulled from a business
24 school dictionary that it's more than corporate entity.
25 It's color scheme, its brand, it's how you hold yourself

1 out to the public. And I think Your Honor when you see
2 the evidence you're going to understand what we're
3 talking about.

4 All right so Monsanto they find separate corporate
5 identities; again, because closely held corporate secret.
6 In Boyd Brothers they find separate corporate identities.
7 In Poch they find shared. And why do they find shared?
8 Because the word Bayshore is used interchangeably to sign
9 documents, lease agreements, contracts, letterhead,
10 employment applications. Such is the case here as well,
11 Your Honor.

12 So what is the evidence in this case? And Your
13 Honor, all the documents that we are citing in the power
14 point are in your appendix that we handed up and they're
15 tabbed according to the slide. And so I believe this is
16 slide 15 so that would be the first tab in your notebook.

17 THE COURT: Okay.

18 MR. WILLIS: But KapStone clearly has a shared
19 corporate trademark which they use interchangeably
20 between all the entities. They use it to sign documents,
21 lease agreements, contracts, letterhead, employment
22 applications, benefits packages, policies, etcetera.

23 You'll get sick of seeing that corporate logo
24 trademark. There it is right there, Your Honor
25 [indicates]. And that applies across the board. It's

1 not like each entity has a separate trademark. So what
2 does KapStone say about its corporate identity to the
3 public in its website? It holds itself out as a single
4 corporate identity.

5 KapStone paper mills produce a wide spectrum of
6 products, describes what they do and how they do it.
7 They talk about the mills. They use the KapStone logo in
8 the history. So that's sort of the website. Let's go on
9 now.

10 What are the public -- what do the employment
11 application documents say? The format, the template for
12 the job descriptions no matter what KapStone entity
13 you're working for is identical. That's basically just
14 what that says.

15 So when Mr. Simerly and Mr. Lucas came to work at
16 KapStone let's look at the employment documents that they
17 signed. This first one, Your Honor is I believe if I can
18 read it is the personal data change form signed by Mr.
19 Lucas. And even though he's working at KapStone
20 Charleston it's a KapStone Paper and Packaging document.

21 This is the letter that was sent to both Mr. Simerly
22 and Mr. Lucas when they were hired. And if you will note
23 Your Honor at the top it's got KapStone logo. It says
24 KapStone Charleston but the body of the letter says
25 please confirm my offer to you for general mechanic

1 department at the KapStone Kraft division, North
2 Charleston mill; again, these terms being used
3 interchangeably. And then if you'll look over at Mr.
4 Simerly's employment offer it's actually on behalf of
5 KapStone Paper and Packaging Corporation; or at least
6 that's what the letter says.

7 So what does that mean? Does that mean we're
8 confused as to who these gentlemen work for? No. They
9 clearly work for KapStone Charleston. What this means is
10 these terms, the names of these companies are being used
11 interchangeably in employment documents. And what is
12 that evidence of? That's evidence of integration.

13 Here is a computer policy use document that Mr.
14 Simerly signed. Again, it's a KapStone Paper and
15 Packaging policy; not a KapStone Charleston policy.
16 Evidence of integration.

17 So what does KapStone say to the public? KapStone
18 Paper and Packaging is a publically traded company.
19 Three billion dollars in sales they are one of the 10
20 largest paper companies in the world. They are
21 publically traded.

22 So because of that there is a wealth of information
23 that they are required to provide to the FCC and to the
24 government. The 10-K Your Honor which we've submitted
25 and it's in the record. It's about 150 pages long but

1 really the first 40 pages of it are the most relevant in
2 terms of understanding the history of the company. But
3 it consistently represents KapStone as an integrated
4 corporate organization; the family of companies.

5 And this is just the first line of the 10-K and that
6 theme is carried throughout the 10-K. They consistently
7 represent themselves as KapStone Paper and Packaging and
8 subsidiaries collectively KapStone collectively the
9 company. So what does that mean? It means shared
10 identify.

11 The second factor, Your Honor, is separate Boards of
12 Directors. This one is pretty easy. While Monsanto the
13 entities there had separate Boards of Directors and very
14 little overlap, in Boyd Brothers they were the same
15 owners but they were separate Boards. In Poch there was
16 a shared Boards of Directors with substantial overlap and
17 that's basically what we've got here.

18 So KapStone Paper and Packaging has a Board.
19 KapStone Kraft has a Board. KapStone Charleston does not
20 because KapStone Charleston is an LLC so therefore it
21 does not have a Board of Directors. It's managed by a
22 managing member but it has officers.

23 And so the Board of Directors of all three of these
24 companies are basically the same people, Your Honor. And
25 so there are overlapping Boards of Directors much as was

1 the case in the Poch case. So this is a list of all the
2 directors and officers of the three companies on or
3 around the time of the accident. You'll note that Mr.
4 Stone and Mr. Kaplan are directors of KapStone Paper.

5 They also happen to be directors of KapStone Kraft
6 and the only two directors. The officers of KapStone
7 Kraft are all similarly officers of KapStone Paper and
8 they all serve in the same role. And then while KapStone
9 Charleston has no directors because it is an LLC it does
10 have officers and again, it's the same group of people
11 serving in the same role. And so we believe we satisfy
12 that criteria.

13 There are no directors or officers of KapStone Kraft
14 or KapStone Charleston who are not also directors and
15 officers of KapStone Paper. This is just another chart
16 that shows the similarity of the roles that they play for
17 each company. Roger Stone is the Chairman of all three.
18 Matt Kaplan is the President and COO of all three. Mr.
19 Nebel is the President of the mill division and therefore
20 President of KapStone Kraft and KapStone Charleston.

21 Ms. Tarbox is the CFO of all three and Ms. Ingraham
22 is the Vice President and Secretary of KapStone Paper and
23 also serves in that role in KapStone Kraft and KapStone
24 Charleston. She's also the general counsel for all three
25 companies or at the time. Obviously, as of today these

1 companies have been bought by --

2 THE COURT REPORTER: Bought by?

3 MR. WILLIS: Substantially re-organized; I'm sorry.
4 Back to three, Your Honor, do they transact business from
5 different locations under different managers? Well, I
6 guess we live in a world today where there are big
7 companies. They own locations all over the world much
8 less all over the United States.

9 But, that's important to the Supreme Court. They
10 found that Monsanto had different locations, Boyd
11 Brothers different locations. In Poch they said well,
12 they had separate headquarters but they had business
13 conducted from both Virginia and South Carolina. And
14 they noted that Bayshore Corporation was headquartered in
15 Virginia whereas Bayshore South Carolina is operated
16 exclusively in South Carolina.

17 Well, what do we have in our case? Here, we have
18 one headquarters for all three companies. And that
19 headquarters is in Northbrook, Illinois and we'll show
20 you the documents that say that over and over again. All
21 the KapStone entities; KapStone Paper, KapStone Kraft,
22 KapStone Charleston are all officially headquartered in
23 the same corporate office 1101 Skokie Boulevard
24 Northbrook, Illinois. That's where the Boards are
25 located. That's where the officers are located. The

1 shared services are provided out of there. The shared
2 services consist of accounting, technology, sales,
3 accounts receivable and payable, and basically is sort of
4 the brain trust that operates the company. They are all
5 direct from Illinois.

6 Your Honor required us to produce leases in this
7 case. We did. We went and looked at the leases and
8 interestingly there are leases that are entered into by
9 KapStone Paper and KapStone Kraft for equipment used at
10 KapStone Charleston. Now there are also leases that are
11 entered into by KapStone Charleston for use of equipment
12 here. What does that mean? That means integration.

13 MR. FINDLEY: Your Honor, I hate to interrupt him
14 but a lot of these documents we're citing to are not
15 attached to any of the 12(b) motions and are outside the
16 record and they're being presented to the Court for the
17 first time now at this hearing. So I just wanted to
18 lodge my objection so I didn't waive it but they're not
19 attached to any of the motions that are cited by them.

20 MR. WILLIS: That's incorrect, Your Honor.

21 THE COURT: What do you mean they are outside of
22 the record? What record are you referring to?

23 MR. FINDLEY: I'm referring to the record of the
24 12(b) Motion to Dismiss the attachments to it, the
25 evidence they cite in support of the 12(b) motion, the

1 documents that they are now putting on the screen and
2 citing are of Bates labels that have never been cited in
3 any filing with the Court. We were provided them now and
4 are hearing them for the first time now. But that's my
5 objection, Your Honor. I just didn't want to waive it
6 but allowing him to continue because I keep seeing
7 documents that have not been relied on or cited.

8 THE COURT: Okay. Have you been provided these
9 documents though throughout the course of discovery?

10 MR. FINDLEY: We have been provided the documents,
11 Your Honor.

12 THE COURT: Okay.

13 MR. FINDLEY: I was just pointing out that they
14 weren't in this motion. We didn't know they would be
15 talked about here ---

16 THE COURT: --- I understand ---

17 MR. FINDLEY: --- but we certainly have it. I just
18 didn't want to waive ---

19 THE COURT: --- sure. And your objection will be a
20 continuing -- you certainly can renew it later but thank
21 you ---

22 MR. FINDLEY: --- yes, Your Honor, I didn't mean to
23 interrupt ---

24 THE COURT: --- for the one objection. All right,
25 we can continue. And let me know when you need a break

1 and likewise for you.

2 MR. WILLIS: I know and I'm trying to fly through
3 this, Your Honor.

4 THE COURT: This is not an endurance challenge by
5 any means for anyone. So if anyone needs a break ---

6 MR. WILLIS: --- I'm about half way through.

7 THE COURT: That's fine. Go ahead.

8 MR. WILLIS: Your Honor, all of the documents that
9 we're talking about today have been lodged with the Court
10 and are on file with the Clerk of Court. They were
11 attached as exhibits to Mr. Niehus's deposition; I'm
12 sorry Mr. Niehus's affidavit which was the authentication
13 affidavit that we filed to authenticate these records
14 under the rule. So these are all in the Court's records.

15 THE COURT: Okay.

16 MR. WILLIS: All right my next -- this one just
17 goes to show that KapStone Kraft Paper Corporation is
18 headquartered in Illinois. In addition KapStone Kraft --
19 I'm sorry KapStone Charleston Kraft, KapStone Charleston
20 is headquartered and that appears to be the equipment
21 lease.

22 Here's the Plaintiff's earning statement that shows
23 KapStone Charleston Kraft is headquartered in Illinois.
24 These are the leases that I talked about earlier Your
25 Honor where KapStone Kraft is signing leases for

1 equipment that is being used in Charleston. And there
2 are several examples of this. We can get through this
3 pretty quickly I think. So here's one where KapStone
4 Kraft not KapStone Paper has signed a lease for equipment
5 used in Charleston.

6 What does that mean? It means integration. Here is
7 a Yale Forklift lease. This one is actually -- the
8 lessee -- the lessor -- the lessee; I'm sorry, is
9 KapStone Paper and Packaging in Chicago but their
10 forklift is leased for use in Charleston. And this is a
11 copy of the earlier lease dated December of 2014; same
12 thing.

13 So are there overlapping employees? And so we --
14 Your Honor may recall we asked the company to run a list
15 of every employee that worked for KapStone as of the date
16 of the Plaintiff's accident and what entity they worked
17 for and where they worked. And then we went through that
18 and we analyzed that.

19 And what we found was that there are 6,000 employees
20 in the KapStone organization, Your Honor so lots of
21 people. But there is some overlap among these various
22 sites. So there are people who work for KapStone Paper
23 or KapStone Kraft but they're located in North
24 Charleston. And there are actually 58 of them; roughly
25 eight percent of the workforce in Charleston is employed

1 by KapStone Paper or KapStone Kraft. Those are mostly IT
2 people or people at very high levels of management.
3 There are also some KapStone Kraft people Your Honor that
4 work in Chicago. There are 13 of them; fifteen percent
5 of that location. So there is some overlap although
6 admittedly Your Honor not a lot. Most people who are
7 employed by KapStone Charleston work here in Charleston
8 and vice versa.

9 So that takes us to factor four, Your Honor. Did
10 the businesses hire and pay their own employees? And
11 what you'll find is that in terms of hiring it is mixed.
12 Most of the hiring in Charleston is done by Charleston.
13 Some of the hiring in Charleston is done by KapStone
14 Kraft. Some of it is done by KapStone Paper.

15 But what is 100 percent consistent Your Honor is the
16 compensation. The payroll and the compensation that is
17 paid to all KapStone employees regardless of what entity
18 they work for is funded by KapStone Paper and Packaging
19 Corporation. So the corporate grandparent handles the
20 payroll function for all of its entities. And they do it
21 through ADP, which is the world's largest payroll
22 company.

23 And so KapStone Paper and Packaging funds the
24 account at ADP and then ADP handles distribution of
25 compensation paychecks mostly by electronic deposit. And

1 because there is a dispute over this, Your Honor between
2 us and Plaintiff's counsel we want to go through the
3 evidence of this.

4 So here is the first form that you sign when you
5 come to work asking that your paycheck be directly
6 deposited. This is the one that Mr. Simerly signed and
7 it shows that this is issued by ADP. This is an example,
8 Your Honor, of the wire transfer where KapStone Paper and
9 Packaging actually funds this ADP account so that there
10 will be money in the account to pay people.

11 KapStone Charleston doesn't have money. They don't
12 have their own payroll. All the payroll comes from the
13 corporate. These are the various corporate pay groups
14 that ADP is directed by KapStone Paper and Packaging to
15 pay. And the pay group that Mr. Simerly and Mr. Lucas
16 would fall in is that one FYN KapStone Charleston Kraft
17 they are paid bi-weekly.

18 This is the W-2, Your Honor. We've all seen a W-2.
19 This is what you get to send to the IRS. That is
20 actually issued by ADP on behalf of KapStone Charleston.
21 Notice that the headquarters in Northbrook, Illinois not
22 North Charleston. This is the same thing with the
23 earning statement. Its KapStone Charleston Kraft
24 headquartered in Illinois. Your Honor, in addition to
25 the hourly pay or the salaries that are paid by KapStone

1 Paper to its employees KapStone Paper also provides
2 benefits to all of its people in the KapStone
3 organization. This is the 401K plan. There is one 401K
4 plan that covers KapStone Kraft and KapStone Charleston.

5 And then we produced a power point Your Honor that
6 describes the benefit program that KapStone provides and
7 this is that document. These are the various company
8 paid benefits that go to everyone in the KapStone family
9 of companies; everyone in the organization and it's
10 funded by KapStone Paper and Packaging. And the reason
11 it is is because KapStone Paper and Packaging Your Honor
12 has all the money. And that's what we're going to get to
13 when we get to the sixth slide.

14 All right, so how do they hold themselves out to
15 their employees? What do they tell their employees?
16 They tell their employees no, no, no you only work for
17 KapStone Charleston. You don't work for KapStone
18 corporate or KapStone Paper and Packaging. And no they
19 don't Your Honor.

20 It's this shared corporate identity. KapStone tells
21 the public and the employees you are part of the KapStone
22 organization; much different from the Monsanto case where
23 it was the closely held corporate secret; and similar to
24 Boyd Brothers and Poch. Fifth factor Your Honor has --
25 in other words how is KapStone doing it? It consistently

1 represents itself as related. It provides employment
2 documents where these KapStone names and corporate names
3 are used interchangeably. There are KapStone corporate
4 wide company policies that we've produced, the hiring and
5 firing letters used the logos and names interchangeably.
6 There is a uniform job application. There are uniform
7 job descriptions. Why is that important, Your Honor?
8 Because it was important to the Supreme Court in Poch and
9 that's the only reason we're going through it today.

10 And finally in the actual Worker's Comp proceedings
11 filed by Mr. Lucas and Mr. Simerly the KapStone names are
12 used interchangeably. Kapstone -- the actual Worker's
13 Comp claim is against KapStone Paper and Packaging; not
14 KapStone Charleston. And that's not a got you, Your
15 Honor. That's there just to show that there is a shared
16 corporate identify and these names are used
17 interchangeably.

18 Here's the job application KapStone Paper and
19 Packaging Corporation, not KapStone Charleston. This is
20 the part of the job application where Mr. Lucas gives
21 KapStone Paper and Packaging Corporation the right to do
22 a credit check and a criminal background check; not
23 KapStone Charleston. This is actually the background
24 check and the authorization that has to be signed. This
25 is the one signed by Mr. Simerly. Note it says KapStone

1 Paper and Packaging, not KapStone Charleston. We've
2 talked about these before. These are the offer letters
3 that use the names interchangeably.

4 This is the KapStone Paper and Packaging Corporation
5 Code of Conduct that applies to all companies within its
6 organization signed by Mr. Lucas. This is the computer
7 policy. It's a corporate KapStone Paper and Packaging
8 policy not a KapStone Charleston policy. Again, signed
9 by Mr. Lucas.

10 So what's the point of this? The point is the
11 employees know that they work for the KapStone
12 organization. Another example personal data change form
13 for Mr. Simerly that has the KapStone corporate logo.
14 Same thing with payroll change. Another example of an
15 operational policy that is corporate wide. We've talked
16 about the job descriptions. They are the same format and
17 same logo; they are used interchangeably.

18 Okay, here are the Worker's Comp claims. This one
19 was the one made on behalf of Mr. Simerly, the claimant.
20 In that claim it says the claimant is employed by
21 KapStone Paper and Packaging. The point is Your Honor
22 these terms are used interchangeably. Literally the
23 Worker's Comp was paid by Sentry Insurance Company.
24 Here's the caption of the Worker's Comp case, KapStone
25 Paper and Packaging Corporation is the one providing the

1 Worker's Comp not KapStone Charleston.

2 So finally, factor number six Your Honor did the
3 businesses engage in separate business activities? This
4 one ought to be easy but there is a debate on this
5 because yes, it's true KapStone Paper and Packaging
6 doesn't manufacture paper. They are the corporate entity
7 that owns the companies that manufacture paper.

8 So if you were to ask KapStone Paper and Packaging
9 what is your business they are going to say the paper
10 business. That's what they say in their 10-K. That's
11 what the EPA concludes in the NAICS designations that
12 they use. It's the paper business. And if it wasn't the
13 paper business what is it? That's sort of the question
14 that we had among ourselves when we were debating this
15 point.

16 There's the definition of business activity. It
17 doesn't literally mean what do you -- do you press a
18 button in our computer everyday but what is your general
19 activity and how does that attribute to the overall
20 strategy of business.

21 So Monsanto actually Hale and Fovil were engaged in
22 different business activities and then Monsanto had a
23 different business activity to Hale and Fovil. Boyd
24 Brothers trucking business, Poch case concrete business,
25 KapStone case paper business. And these are the

1 representations in the website and the 10-K where
2 KapStone explains that it is in the business of
3 manufacturing pulp and paper products. And it does that
4 through its mill division and then it has a separate
5 division called the container division which takes the
6 cardboard and turns it into boxes. That's their
7 business. And so they are certainly the same or similar
8 businesses.

9 This is from the 10-K. Again, just another generic
10 description of what KapStone does in case there is any
11 question about that. Their job is to produce, sell, and
12 distribute paper. This describes, and this is a bit
13 overkill Your Honor, but this describes the whole
14 manufacturing system that KapStone owns and manages;
15 they're in the paper business.

16 Mr. Findley's expert raised this issue of the NAICS
17 Codes so we went back and looked at what are the NAICS
18 Codes that apply to KapStone. And not surprisingly the
19 code is 322121 I think and its paper manufacturing for
20 all the entities.

21 The next code is what the SIC code used to be. Your
22 Honor may remember SIC codes. I do. That was so NAICS
23 has replaced SIC. But again the SIC codes are also the
24 same and say that all three companies are in the paper
25 business. That's certainly what EPA thinks. This is an

1 EPA document that we just got off the Internet. In terms
2 of Mr. Findley's objection I think this document is
3 definitely not in the record, Your Honor. But maybe Your
4 Honor would take judicial notice of the EPA publication.
5 That's where that came from.

6 These are -- this is the NAICS Code for KapStone.
7 You see there 322121. This is the NAICS Code for
8 KapStone Kraft 322121, and then the NAICS Code for
9 KapStone Charleston 322121; the same business.

10 All right. Bank accounts, books, payroll records
11 how does that work? And again Your Honor its 2019 not
12 1981 now so there aren't literally books anymore. All
13 payroll records, all accounting records, all of this is
14 now electronic. Its part of one consolidated electronic
15 system and that's what the evidence shows.

16 They have consolidated financial statements
17 different from Monsanto. Boyd Brothers doesn't talk
18 about that. Poch says that the books are separate but
19 they still find some significant or substantial
20 integration in order to extend immunity.

21 What do we have here? What does KapStone have?
22 KapStone has consolidated books and records. They have
23 consolidated bank accounts and KapStone provides the
24 payroll records. The consolidated financial statements
25 and P and L's have been produced. They are in the

1 record. We're going to talk briefly about the zero
2 balance accounts and how that works because it
3 illustrates that essentially KapStone Paper and Packaging
4 controls all the money. We're going to talk briefly
5 about the securitization purchase agreement. Sorry,
6 Madame court reporter, did you get that? Thank you.

7 Then we mentioned the lease of the payroll records
8 already. So Your Honor, these are all the bank accounts
9 maintained by KapStone Paper and Packaging. You can see
10 the Bates number down there. This is a produced
11 document. It's in the record.

12 And the interesting thing about this slide is the
13 straight lines verses the dotted lines. Where Your Honor
14 sees the straight lines there that link up those various
15 boxes that means something called the ZBA. And the ZBA
16 is a zero balance account.

17 And what that means is at the end of every business
18 day those accounts are swept so there is no money left in
19 any of those accounts. They're all swept daily into a
20 KapStone Paper and Packaging master account. And then
21 there are a couple of them that are small accounts that
22 are swept manually when they get enough money in there to
23 have reason to take down the account. And so then once
24 KapStone sweeps all that money into a master account what
25 does it do with it? These are -- this is an example of a

1 consolidated financial statement. It's dated April of
2 2016; it's the one most recently after the Plaintiff's
3 accident. And this is just an example of a consolidated
4 financial statement.

5 And what you see when you review this document Your
6 Honor, first of all there are the directors and officers;
7 you recognize most of those names. They can look at what
8 they do because this is an electronic system. They can
9 look at what they do from all kinds of different angles
10 and perspectives.

11 This one they're looking at it by division. They
12 can also analyze it by product line which is what the
13 next chart shows; again from the consolidated financial
14 statement. They can manipulate the information to look
15 at it by the cost of the various goods at the various
16 locations; again, consolidated.

17 They can look at what are we selling the product for
18 or the various products that we manufacture. Again, none
19 of this is by location. None of this is by company.
20 It's all consolidated. Now, can they break it out and
21 look at it by company? Certainly, they can and we've
22 done that in this case at the request of Plaintiffs.

23 This one is an example of one where they look at it
24 by location. And as you can see the mill division is
25 essentially KapStone Kraft. And then the corporate

1 container are identical. Do they keep track of all the
2 people that work for them? Yes, they do and that's also
3 in the consolidated financial statement, the various
4 locations, various mills, and businesses.

5 Okay, as I said earlier once they get all this money
6 what do they do with it? And this is the receivable
7 purchase agreement which has also been produced. This is
8 a little bit complicated but I think I can probably over
9 simplify it.

10 So when the money comes in and is swept out of those
11 zero balance accounts into the KapStone master account
12 then that money is then assigned to KapStone receivables;
13 that is a separate LLC. KapStone Receivables then sells
14 that to Wells Fargo Bank for .99 cents on the dollar.
15 Wells Fargo Bank then pays for those receivables and that
16 money goes into the KapStone master account and then it
17 is used to run the business.

18 Finally the last factor, Your Honor, separate tax
19 returns. And we've produced both the redacted and
20 unredacted tax returns in this case for a 2016. It's
21 Monsanto it was consolidated tax return. Boyd Brothers
22 doesn't talk about it but Poch it was a separate tax
23 return but yet they still found integration. And here we
24 have one tax return, one federal tax return that is
25 consolidated. Interestingly, KapStone Charleston has an

1 LLC that is considered to be a disregarded entity for tax
2 purposes and therefore it is folded into KapStone Kraft.

3 And don't take our word for it the tax returns are
4 in there, Your Honor if you want to look at them. And
5 before we conclude the only -- of these eight factors
6 Your Honor the only one that the Supreme Court identified
7 as weight was this one. And they say that in the Poch
8 case.

9 So, Your Honor, in conclusion why should you grant
10 the motion? The record supports it. Any doubts as to
11 the workers status should be construed in favor of
12 coverage. So, here are our answers to the eight
13 questions. Do they maintain separate corporate
14 identities? Yes. They are three entities but they have
15 shared identity.

16 Do they maintain separate Boards of Directors? Yes,
17 they are exactly the same and they play the same roles.
18 Do they transact business from different locations under
19 different managers? Well, they have one headquarters but
20 yes, the divisions of the mills manage the day-to-day
21 business with some employer overlap from different
22 locations.

23 And I would point out Your Honor that Textron in the
24 Strickland v Textron case Judge Shetland observed that as
25 well in Textron and says not surprising for a big

1 company. Do they hire and pay their own employees?
2 There is mixed hiring but all payroll comes from KapStone
3 Paper and Packaging through ADP.

4 Do they hold themselves out to employers as separate
5 identities? No, the employers know they work for
6 KapStone. Do they engage in different business
7 activities? No, they're in the paper business. Their
8 books and records are consolidated and there is a single
9 federal tax return.

10 And that's our -- we will hold the rest of our
11 comments to a reply. Thank you, Your Honor.

12 THE COURT: All right, let's take about a ten
13 minute break at this time everybody, okay. We'll be at
14 ease for about ten minutes.

15 [Whereupon, Court is in recess from 11:48 a.m. until
16 11:59 a.m.]

17 THE COURT: All right. Who will be arguing on
18 behalf of the Plaintiffs today?

19 MR. FINDLEY: Your Honor, I'm going to -- we're
20 going to split our time.

21 THE COURT: Okay.

22 MR. FINDLEY: I'll start out and kind of give you a
23 roadmap and then talk about certain points and then
24 she'll clean up with how the company actually represented
25 itself internally as it applies to the Poch factors, Your

1 Honor.

2 THE COURT: Okay. Sounds good.

3 MR. FINDLEY: Thank you, Your Honor. May it please
4 the Court?

5 THE COURT: Yes.

6 MR. FINDLEY: Your Honor, what I want to start out
7 with is tell you a little bit about our case and tell you
8 how it is distinguished from what we've just heard.
9 Number one is Mr. Lucas and Mr. Simerly suffered horrific
10 burns. There is no doubt about it. And they have been
11 through a lot over the last few years trying to get this
12 case to court.

13 As the Court is well aware we filed this case back
14 in 2016 and have had many hurdles getting to this point.
15 But the presentation we just heard talked about Court's
16 favoring Worker's Compensation coverage for workers.
17 That's not what's going on here. They have Worker's
18 Compensation through their employer. Their employer is
19 not a party to this lawsuit.

20 What they're actually trying to do is to prevent
21 these workers from having other remedies. And the reason
22 why that's important is the general rule is that a parent
23 -- and we cite this in our brief Your Honor for 82
24 Am.Jur.2d Workers' Compensation 90 (2003) A parent
25 corporation is generally not immune from an action in

1 tort by an injured employee of a subsidiary by virtue of
2 the employee's entitlement to Worker's Compensation.

3 When an employee of a subsidiary is injured while
4 working on a property owned by the parent corporation and
5 received workers compensation benefit from a subsidiary
6 the employee may maintain an action in court against the
7 parent corporation even though parent and subsidiary are
8 covered by the same policy of Worker's Compensation
9 insurance.

10 That is the general rule of parent and subsidiary
11 relationships. The exception to that rule, Your Honor,
12 is the Poch case. And the Poch case is not the general
13 rule; it is the exception to the general rule. And
14 that's important because Poch is clearly distinguishable
15 from this case. And in our opinion Poch doesn't even
16 apply here.

17 The reason for that is this, Your Honor. To go back
18 and tell you a little bit about the Poch case you have a
19 company called Bayshore Corporation; it's in Virginia.
20 They win a bid; they win a bid to build the Carolina Bays
21 Parkway. That same day that they win a bid they formed
22 Bayshore South Carolina. And they formed it for the
23 specific purpose of a temporary job; a temporary job to
24 build this Parkway, to put a labor yard in in order to
25 have a local labor yard to do this work. That was the

1 sole reason. The corporation then went and bought leased
2 property, bought equipment and then gave it to Bayshore
3 South Carolina to use and then return back to Bayshore
4 Corporation after the project was over.

5 It was a temporary ordeal and it was basically
6 creating an offshoot of itself in South Carolina for the
7 purposes of this project. Poch and Keene [phonetic]
8 obviously ended up suing them. And the Court ruled that
9 the reason that the Poch factors applied was because it
10 was a single purpose job. It was a limited engagement
11 because it was an extension of Bayshore Corporation to
12 complete a specific bid that was secured through the
13 Corporation.

14 They also reasoned that the exact day the secured
15 corporation formed the South Carolina entity it was to
16 act as a remote casting yard; it created an offshoot of
17 itself. This is why the Court started looking at an
18 exception to the rule. That's why they came up with the
19 Poch factors to determine it.

20 So to say that Poch has always applied in a parent
21 subsidiary relationship is simply flat out wrong. The
22 Courts look to it when there is some form of
23 characteristics like Poch. If this was the general rule
24 you couldn't sue a parent corporation anywhere at any
25 time. And we know that's not the case, Your Honor,

1 because the general rule is you can unless the Poch
2 factors would apply.

3 So we feel that the Poch case is so not similar to
4 this case for a couple of reasons. One is this KapStone
5 Charleston plant has been in business for over a decade.
6 It's not a limited purpose plant. It fully is functional,
7 standalone by itself. It maintains its own books and
8 records.

9 And the test that I wanted to point out in this
10 power point Your Honor that I highlighted while I was
11 listening it was a quote from the Defendants that says
12 when two corporations are so integrated and co-mingled
13 that neither can be realistically viewed as a separate
14 economic entity.

15 There is no doubt that KapStone Paper and Packaging
16 Corporation and KapStone Kraft can be viewed as separate
17 entities. They maintain their separate books. KapStone
18 Paper and Packaging Corporation has 25 different plants
19 across the country give or take and each one of them is
20 not -- is operated independently.

21 They have their own contracts, they have their own
22 payrolls, they have their own employees, they support
23 their own customers. So it would not even fall under
24 Poch because Poch is a test applied when there is no way
25 to realistically view them as separate. Our first point

1 Your Honor. The second one that I wanted to go into is
2 talk to you a little bit about how this came to be.

3 The original Motion to Dismiss was a four page
4 motion supported by an affidavit of a woman named Kelly
5 Hulseman who works out of the Chicago office where
6 KapStone Paper and Packaging Corporation is. And the
7 reason why that's important, Your Honor, is because in
8 our briefing you will see that this affidavit is the only
9 evidence or testimony in this case that even resembles
10 the arguments that Mr. Willis was making and the
11 conclusory statements about the documents that were being
12 shown.

13 The important part of why that's important is she
14 said in her deposition without a doubt multiple times
15 that she didn't draft the affidavit; it was drafted by
16 attorneys. She said she didn't have personal knowledge
17 of the affidavit. She said it basically showed up on her
18 desk and she signed it. And to illustrate that point,
19 Your Honor -- may I approach to use the power point?

20 THE COURT: Oh, sure.

21 MR. FINDLEY: To illustrate that point Your Honor I
22 wanted to point you to just a few things within her
23 affidavit just so for purposes of if we do go on appeal
24 the record is very clear. So during her deposition I
25 discussed with her about KapStone's legal department

1 drafting the affidavit, she had no part in signing it, no
2 part in making it; it showed up at her desk and she
3 signed it. She testified she didn't go through and
4 verify anything in it. She didn't go through and look at
5 anything to see if it was true.

6 And so I started going through one by one with her
7 about what the affidavit actually said. And we'll start
8 with -- what I'll read to you is paragraph 4 of her
9 affidavit which says KapStone procured paid premiums for
10 and as the policy holder of Worker's Compensation policy
11 issued by Sentry Insurance, the insured KapStone Paper,
12 KapStone Kraft Paper Corporation, KapStone Charleston and
13 other KapStone entities. This is the policy that covers
14 the injuries here. The declaration page from that policy
15 is attached as exhibit A.

16 Now, when I asked her about that specific paragraph
17 I said my question to you, and I'll show the Court, when
18 you received this affidavit it contained statement in
19 exhibit 4 did you go back and look at every single
20 premium payment and verify that KapStone Paper and
21 Packaging did in fact pay the premiums? I did not.

22 So one example of a lawyer writing a statement she
23 signed off on which she did not have personal knowledge.
24 Paragraph 6, she says KapStone -- the affidavit, excuse
25 me, says KapStone Paper is publically traded and is the

1 ultimate parent corporation of numerous direct and
2 indirect wholly owned subsidiaries including KapStone
3 Kraft and KapStone Charleston.

4 I asked her with that so as far as these entities
5 are set up or the legal documents related to them did you
6 go research or verify paragraph 6 when it was written to
7 you in your affidavit to sign or didn't go research it,
8 fair? She says fair, she did not. Another one paragraph
9 7 of her affidavit has a statement that says both
10 entities generally use similar processes and types of
11 equipment to conduct activities. I asked her about that.
12 I said is that something you know -- that's not something
13 you know anything about, right? Right.

14 And it goes on Your Honor paragraph 11. KapStone
15 Paper, KapStone Kraft, and KapStone Charleston are
16 headquartered in the same location, 1101 Skokie
17 Boulevard, Suite 300, Northbrook, Illinois. I asked her
18 that question. Besides you signed the affidavit did you
19 take any steps to go look at the documents to verify the
20 veracity of this paragraph? No.

21 Same with 262, Your Honor, which is paragraph 16 --
22 15 and 16 which you heard Mr. Willis talk about which is
23 20 employees of KapStone Charleston report directly to
24 managers. And it goes on about how this company works
25 internally. Again, written by an attorney, showed up on

1 her desk, she signed it. Her answer to that is so as far
2 as the veracity regarding paragraph 15 as well as 16 we
3 can agree you did not do any independent searching to
4 figure out whether or not those are accurate statements,
5 fair? Fair.

6 And it goes on. As far as speaking to any employees
7 at KapStone Charleston Kraft who they report to did you
8 do any of that? That's not something you even do,
9 correct? Correct. And Your Honor this goes on for an
10 extended period of time. And you hear these conclusory
11 statements made throughout the argument and I just want
12 to make sure the record is clear.

13 This is the most -- this sums up the whole picture
14 of what is actually occurring is KapStone Paper and
15 several subsidiaries including KapStone Kraft and
16 KapStone Charleston are parties to consolidated
17 receivables, securitization program in which accounts
18 receivables travel through special purpose and it goes on
19 and on.

20 I don't even really know what that sentence means to
21 be honest with you, Your Honor. But I asked her I said
22 well, fair enough. But ma'am, you have to understand my
23 position. You have an affidavit that is signed and
24 notarized that says number 19 is true based on your
25 information and belief. And what I'm trying to figure

1 out so that we can clarify this for later is is it fair
2 to say you have no idea and do not feel comfortable
3 testifying to the contents of paragraph 19 and we can
4 move on to the next one. She says right.

5 And Your Honor, if you recall shortly after this
6 deposition was concluded we came back to court and there
7 was an attempt to de-designate her as a corporate
8 representative, which we discussed at length in court and
9 the Court recommended that they didn't think they could
10 do that. And just fast forward on they presented a new
11 corporate representative who provided a business records
12 affidavit and attached 4,000 documents to it. And then
13 as the Court is aware in May or June we had the expert
14 issue and then now here we are.

15 So I just want to point that out to the Court so the
16 record is clear this case doesn't show up at some point
17 that the affidavit is the only single piece of evidence
18 within this case that has been relied on to make any
19 statements. Without a doubt it was made without proper
20 personal knowledge. She admitted it over and over
21 throughout her deposition and it's a sham. There is no
22 other word for it, Your Honor.

23 In fact, when we deposed their expert recently I
24 asked him about that because the documents he reviewed
25 shockingly did not include Ms. Hulseman's deposition.

1 Instead, he was provided with the affidavit only, not her
2 deposition that said any of the things I just pointed
3 out.

4 And I asked him I said are you aware in her
5 deposition she said that she didn't feel comfortable
6 testifying to it because she has no personal knowledge.
7 And even their expert told us well, I didn't rely on her
8 affidavit. And I asked him specifically does that mean
9 we can just throw the affidavit out of this case? He
10 said yes.

11 And so the reason why I bring that up Your Honor is
12 because one of the things we did move for is to strike
13 the affidavit for not complying with Rule 56(e) which
14 states that affidavits shall be made on personal
15 knowledge, shall set forth such facts as would be
16 admissible in evidence, and shall show affirmatively that
17 the affiant is competent to testify.

18 Without a doubt her affidavit does not meet that
19 rule. It should also be excluded under the case law we
20 cited which was Englehart v Netherlands, and Robertson v
21 First Union which says, and this deals with the summary
22 judgment but it says an affidavit is inadmissible to
23 summary judgment, but like a summary judgment this is
24 also a dispositive motion, because among other things the
25 failure to show the affiant was familiar with the issues.

1 And the third reason why it should be excluded is under
2 South Carolina Rule of Evidence 602 which requires that
3 the person be competent to testify in the knowledge in
4 which they are speaking.

5 And Your Honor just as a matter of law with this
6 affidavit and what she's testified it should be stricken
7 for the record and it should not be included as
8 consideration. And that's one of the things we move to
9 strike. The other thing, Your Honor, that I think is
10 important that you will see as Ms. Sellers goes through
11 some of these documents that are cited is how the company
12 actually represented itself at the time of this incident,
13 before this incident, and after this incident. And the
14 internal documents will show you the decentralized and
15 centralized representations.

16 But Your Honor I just wanted to point out in that
17 part of it that we do maintain our Motion to Strike Ms.
18 Hulseman's affidavit for the reasons stated in our
19 motion.

20 MS. SELLERS: Your Honor, moving on a little bit.
21 I think before I confuse the Court too much by talking
22 about Mr. Lester who was the expert that we had previous
23 hearings on and motions about I want to be clear for the
24 Court that the reason why I'm bringing up in our
25 supplement the Motion to Strike Mr. Lester and the

1 opinion is because all of the argument that was made
2 today by KapStone and the reply that was filed is based
3 solely on the report and the opinions done by Mr. Lester.

4 And so I want to be clear that what was filed
5 previously and what we responded to in this case was a
6 four page amended Motion to Dismiss. And we responded to
7 that with all the evidence and the testimony in this case
8 and the affidavit that Mr. Findley just talked about and
9 provided to the Court the response that shows that these
10 are two separate economic entities. After we filed that
11 response as Your Honor is aware we received this report
12 and a much lengthier reply to our response which
13 incorporated Mr. Lester's report and opinion.

14 And so what I would like to do at the risk of boring
15 the Court somewhat with regards to Mr. Lester I think
16 it's also important for the record that Your Honor
17 understand where these new arguments are coming from that
18 were never included in the actual Motion to Dismiss that
19 we responded to.

20 So with regards to Mr. Lester this was the expert
21 that Your Honor talked about and said that she would
22 consider as part of this Motion to Dismiss phase gave us
23 the opportunity to go depose him and figure out if his
24 opinions were really reliable and if they would be proper
25 for consideration in this Motion to Dismiss. We did

1 that, Your Honor, and we had the opportunity to depose
2 Mr. Lester. But I want to inform the Court as to
3 essentially what has happened since the last hearing and
4 why we do not think the opinions that are included in
5 that report, which are incorporated into the reply and
6 the argument today why they should not be considered at
7 all in this Motion to Dismiss.

8 THE COURT: Okay.

9 MS. SELLERS: So first off Your Honor I know that
10 we previewed this for you before but the opinions of Mr.
11 Lester constitute improper legal opinions. And one thing
12 I want to show Your Honor is we had briefed this for you
13 previously and it's clear from the case law that an
14 expert can't be used to take facts and apply them to the
15 law and come to a legal conclusion, okay.

16 So we were concerned about that with Mr. Lester
17 based on our understanding of what his opinions would be.
18 And we were provided with a report in the Defendant's
19 reply which said Mr. Lester is not applying the Poch
20 factors. He is applying his own factors. He's not
21 making legal conclusions putting law and fact together to
22 provide the Court with an opinion about economic
23 integration. And so we took that, Your Honor, and we
24 took the report that was provided to us and which was
25 filed with the Court on May 31st. And if I could show

1 the Court this is the report that was provided to us on
2 page 9 and this is what was filed with the Court and put
3 with the reply.

4 And as the Court will see this is where Mr. Lester
5 puts forward how he's doing his assessment and how he's
6 determining whether or not there is economic integration.
7 And what's important here, Your Honor is that he is
8 saying he is doing an evaluation that is focused on two
9 broad questions and only references factors that he
10 assessed in determining the degrees to which the KapStone
11 related entities were financially integrated. There is
12 no reference in this section at all to the Poch case,
13 Your Honor. And this was provided after the May 24th
14 hearing that we had on this matter and whether or not Mr.
15 Lester would even be considered.

16 In his conclusions in the report that we were
17 provided you'll again see Your Honor he makes no
18 reference in his conclusions to the Poch factors. He
19 keeps it much more vague in an attempt to essentially say
20 that he was not relying on the Poch factors.

21 Here is where I think it's very important, Your
22 Honor. We deposed Mr. Lester on September the 5th of
23 this year. Prior to that deposition we had not received
24 his entire working file. After the deposition we were
25 provided with a flash drive. On that flash drive, Your

1 Honor was a different report. And Your Honor this report
2 was marked as final. It was provided to counsel. It was
3 marked as May 15th of 2019. In that report there is
4 significant changes Your Honor in what was done from May
5 15th to May 31st.

6 And I think it's important for the Court to
7 understand that this is what Mr. Lester looked at in
8 assessing and coming to his conclusions in the report
9 that was done on May 15. And what's important about
10 this, Your Honor, is because we raised this issue that we
11 were concerned that what counsel was doing was using an
12 expert to create legal opinions and conclusions for this
13 Court. You can see how different this is from the report
14 that was actually later provided.

15 This is the May 15th report. It says he evaluated
16 the relationships between the KapStone entities on
17 guidance provided by South Carolina law in Poch v
18 Bayshore and by identification of the factors. And he
19 took that into consideration in reaching his conclusions.

20 That is markedly different from the report that we
21 were provided where that entire first assessment is
22 deleted. In the conclusion Your Honor and I think this
23 is even more important the conclusion on the final report
24 that was produced to counsel on May 15th which was not
25 provided to us prior to Mr. Lester's deposition his first

1 paragraph in his conclusion identified that he was
2 evaluating the economic and financial relationship
3 between the KapStone entities relative to the eight
4 factors identified in Poch.

5 And Your Honor what we had previously briefed for
6 you was how you cannot hire an expert to take the facts,
7 apply them to the law and then come to conclusions. And
8 Your Honor we believe that Mr. Lester's opinions which
9 are incorporated entirely into the reply and in all of
10 the arguments today by counsel those opinions should be
11 struck from the record. The affidavit that he signed
12 should be struck from the record.

13 The report should be struck from the record because
14 all of it is improper legal conclusions that this Court
15 cannot consider in a Motion to Dismiss because it is the
16 Court's prerogative to look at the facts as they stand on
17 the record when we filed our response and to do your own
18 conclusion with regards to the factors in this case.

19 I think what is also important Your Honor is looking
20 at how these companies represented themselves at the time
21 of the incident. And a lot of that only recently became
22 apparent in documents that were not provided to Mr.
23 Lester. And I think this also goes into our argument
24 that Mr. Lester's report and opinions are unreliable
25 because they lack foundation. So if I can provide for

1 Your Honor kind of a timeline of events. Is it all right
2 if I continue to walk back and forth, Your Honor.

3 THE COURT: Of course.

4 MS. SELLERS: So I don't have a fancy power point
5 but I'm going to write for you as we go along. So,
6 actually let's start with May, 2016 we have the incident.
7 In February of 2017 the lawsuit is filed. In June of
8 2017 we have the Motion to Dismiss filed. We then get an
9 amended Motion to Dismiss that attaches the Hulseman
10 affidavit.

11 In March of 2018 we depose Ms. Hulseman. After this
12 point when we deposed Ms. Hulseman this is when we have a
13 lot of issues with her not having personal knowledge and
14 we have the representation of counsel that they want to
15 de-designate and have a new corporate representative.

16 At this point in time the Defendants hire Mr.
17 Lester. And I think this is important for a couple of
18 reasons. This is in July of 2018. Based on the
19 documents we just received Your Honor ---

20 THE COURT: --- is it this year or is it 2018?

21 MS. SELLERS: It was in 2018, Your Honor.

22 THE COURT: So a year ago?

23 MS. SELLERS: A year -- over a year ago the
24 Defendants hired Mr. Lester. Mr. Lester was never
25 disclosed to us. As you know the first time that we

1 heard about it was in May when we had the hearing with
2 Your Honor with regards to when this Motion to Dismiss
3 would be filed ---

4 THE COURT: --- was he hired as an expert then or
5 was he just hired as a general consultant to go over
6 economic documents?

7 MS. SELLERS: Your Honor, he was hired as an expert
8 and I think we provided the invoices for you ---

9 THE COURT: --- okay ---

10 MS. SELLERS: --- as part of the supplement that we
11 just filed. He was retained as an expert to provide
12 opinions, including to draft an expert report. There are
13 invoices beginning in August of 2018 where he says and
14 bills time for preparing a report. And that is between
15 August 2018 and December 2018.

16 Again, we don't hear anything about this. We don't
17 have any identification of this expert. He bills about
18 100,000 dollars worth of time. Then we have in August
19 2018 they say they want to designate a new corporate
20 representative. We have the Niehus affidavit and
21 attached to a second amended Motion to Dismiss.

22 Despite having retained Mr. Lester previously we
23 have a second amended motion where all they do is they
24 attach a business records affidavit for documents Bates
25 labeled KKPC 1 through 2522. After Mr. Lester bills for

1 all of that time in 2018 we have Niehus' deposition in
2 January of 2019.

3 Mr. Lester continues to bill for his time and
4 continued to prepare a report all the way up through this
5 May 15th, 2019 final report that was not produced to us
6 that relies on the Poch factors. We have the hearing
7 with Your Honor on May 24th, 2019 where Your Honor
8 expressed some concern about having an expert and why an
9 expert would be needed in order to give Your Honor
10 opinions with regards to economic integration. And it
11 was told to us in the reply that Mr. Lester was not going
12 to be providing legal opinions.

13 Your Honor, I think what is clear from all of this
14 is that he was and that he is. And that's why I think
15 this timeline is important, Your Honor. I think it's
16 also important to know that he was not provided with any
17 of the documents past what was in the Niehus deposition
18 meaning he had 2,600 of the KapStone documents. He did
19 not have the documents through 3,800.

20 Many of the documents which were shown here today he
21 testified in his deposition that he would like to review
22 those documents because they were not provided to him and
23 he did not have the Hulseman deposition. With regards to
24 the documents that were not provided to him there were
25 documents that you were not shown today Your Honor. I

1 think it's important for you to see them in order to have
2 an understanding of what actually the KapStone entities
3 considered themselves to be back in May of 2016 because a
4 lot of what we've seen today is what the KapStone
5 attorneys are trying to represent by documents that they
6 are placing on the screen without any testimony or
7 anything like that to also show Your Honor.

8 So what I'd like to kind of go through to give you a
9 document timeline for lack of a better word is I guess
10 highlights of the timeline of events because a lot of the
11 documents that were shown to you earlier did not have
12 dates on them.

13 So let's use as a benchmark May 2016 because that's
14 the time of the incident and that's the time that is
15 relevant for your analysis. And what's extremely
16 important with determining whether an entity is
17 economically integrated that would bar this lawsuit, bar
18 the ability of hard workers to receive compensation is
19 how the company actually viewed themselves from an
20 economic integration standpoint.

21 May 2016 is the incident. This is a document for
22 Your Honor from June of 2015 so about a year before, the
23 State of South Carolina Certificate of Revocation of
24 Authority. This is for KapStone Paper and Packaging.
25 This document means KapStone Paper and Packaging could

1 not even operate business in the state of South Carolina
2 at the time of the incident in May 2016. If they cannot
3 even operate business here I do not know how KapStone can
4 get up here and say they are one entity and they transact
5 business as one entity. They were not legally allowed to
6 conduct business in the state of South Carolina.

7 I think this is important because counsel brought up
8 the Monsanto case several times. And one of the major
9 factors in the Monsanto case was that the company had
10 essentially relinquished their authority to be able to
11 operate business in that state. And we have the same
12 thing here, Your Honor. So for purposes of the timeline
13 this is June 2015.

14 THE COURT: And just so I -- you have an exhibit
15 sticker on that that I can see?

16 MS. SELLERS: Sure.

17 THE COURT: And let's just make the record real
18 clear so I can look ---

19 MS. SELLERS: --- so this is actually in our
20 supplement as exhibit I but this was marked as part of
21 Mr. Lester's deposition as exhibit 11. But it's exhibit
22 I to Plaintiff's supplement that was filed recently.
23 And a lot of these documents, Your Honor come from the
24 recent depositions in this case because we didn't have
25 them at the time of the response and so I apologize there

1 are other exhibits. But a lot of them also have
2 highlighting that I want to show Your Honor.

3 THE COURT: All right.

4 [Whereupon, Ms. Sellers reviews documents]

5 MS. SELLERS: Or is it J? It may be exhibit J.

6 THE COURT: It's J.

7 MS. SELLERS: Okay, exhibit J. The next one is
8 exhibit I, Your Honor. So this is the next document and
9 this was one of the documents that was not reviewed by
10 Mr. Lester and was produced back in May after the Motion
11 to Compel hearing that we had.

12 And I'm showing you these documents, Your Honor
13 because there are things that were not included in
14 Defendant's argument and I think that they are important
15 for this case. And what is very important here is the
16 date. This is October 2016. This is five months after
17 the incident occurred involving my client.

18 This is a Deloitte sample synergy report. And to
19 give Your Honor some background Deloitte is a consulting
20 firm. And one of the things that they can do is come in
21 and help companies help work on their business, create a
22 business plan, figure out how to you know achieve
23 whatever the goal the company wants to achieve. This is
24 a sample report that Deloitte provided to KapStone
25 because they were considered being hired by KapStone.

1 And what were they going to be hired to do, Your Honor.
2 In October of 2016 Deloitte was approached by KapStone to
3 help KapStone create its integrated business. And the
4 only reason that KapStone needed to create an integrated
5 business back in October of 2016 is because they were not
6 integrated prior to October of 2016.

7 This Deloitte synergy essentially kind of like a bid
8 package, Your Honor. Here is what Deloitte is saying
9 that they can do to help KapStone. Mid October they say
10 they want to do a phase one strategy kick-off. They are
11 going to strategize, they are going to do their due
12 diligence and then they are going to do a phase three
13 alignment and then they're going to start the plan.
14 That's in January of 2017.

15 Why is this important, Your Honor? Because Ms.
16 Hulseman in her deposition testified that shared
17 services, her role as the vice president of shared
18 services, none of that even was created, none of that
19 existed prior to January of 2017.

20 And the importance of this is obviously because the
21 time of the event is May of 2016. If the companies are
22 saying they are one economic entity that they are
23 integrated as one business back in May of 2016 why on
24 earth are they hiring an outside firm to help them become
25 one company, one integrated entity later in 2016. Why is

1 there a new entire department called shared services
2 being created in January of 2017 if they didn't need to
3 do that because they already were integrated. It doesn't
4 make sense.

5 One of the things that Deloitte wants to help them
6 with, well actually Deloitte wants to be their
7 integration lead. They want to advise KapStone on how to
8 create an integration project, and they want to recommend
9 how to remodel the KapStone companies. This is October
10 of 2016 and that is in the record as exhibit I. The next
11 document that you weren't shown earlier, Your Honor is
12 exhibit N. And here are some of the internal
13 communications from KapStone.

14 And this is what is important here because this is
15 not just a document that is purporting to be something
16 that a lawyer argues that it is. This is what the actual
17 internal communications at KapStone are saying. This is
18 what the KapStone entities are talking about. This is
19 what the KapStone entities are saying how they feel
20 themselves to be, how they represent themselves to be.

21 And obviously Your Honor the representation of the
22 company is essential to the Poch analysis and how the
23 companies hold themselves out to be essential to the
24 analysis. This is just one of several emails that are in
25 the file in this case, Your Honor. But as you'll see

1 this is from December of 2016. It includes all of these
2 people including Kelly Hulseman from KapStone where they
3 are discussing one KapStone; this new idea that they are
4 going to have one integrating company.

5 This one KapStone did not exist in May of 2016.
6 They are talking about how they need to have outside help
7 to build out a team. They want to standardize their
8 processes, practices, and data. They want to develop and
9 implement government -- governance. They want to discuss
10 scope and get help on lead of a structured process across
11 the systems. Why do they need help in getting a
12 structured process across all of their systems if they
13 are already one entity? Your Honor, it simply doesn't
14 make sense.

15 The next document, Your Honor that we have included
16 for you is exhibit H. This is another Deloitte document
17 and this is a draft of the executive workshop power point
18 that they are planning on presenting to KapStone in
19 January of 2017.

20 This is what KapStone wanted in December of 2016 for
21 their January of 2017 program. The program vision
22 actions and decisions in deriving to one KapStone must
23 align to our mission. They want to create a strategic
24 rationale for integration. Your Honor, this entire
25 argument and this entire Motion to Dismiss is based on

1 integration of these companies and if they are integrated
2 together. What is clear from the documents that were
3 recently produced in this case is that in May of 2016
4 they did not have integration. That is why in December
5 of 2016 they were putting together a strategic rationale
6 for integration and actually hired an outside company to
7 do it for them.

8 And Your Honor should have the full copy of this
9 preparation material which has multiple references to
10 integration throughout. The next exhibit that I think is
11 relevant Your Honor and may be most important is exhibit
12 G. And exhibit G is the actual leadership workshop, Your
13 Honor.

14 And this is from January 11th and 12th of 2017.
15 This goes right in line with what Ms. Hulseman was
16 testifying to in her deposition about the new program
17 creating one KapStone, a leadership one having shared
18 services and actually changing the model of KapStone.

19 At this workshop one of the things that was
20 discussed was the KapStone operating model. And Your
21 Honor I'd like to highlight this page with it. It's
22 Bates labeled KapStone 3548. And this is part of the
23 presentation that was provided to KapStone and KapStone
24 employees back in January of 2017; about seven months
25 after the incident with my clients. This is how they

1 want to change their operating model. And what's
2 important about this Your Honor is at the bottom there is
3 a key and it has KapStone current state which are these
4 upside down black triangles, and then it has KapStone
5 future state, which is the red outlined triangles that
6 you can see on this chart.

7 And here's what's very important because we deposed
8 Mr. Lester and we asked him about the words de-
9 centralized and centralized. And Mr. Lester testified
10 decentralized means un-integrated, centralized means
11 integrated.

12 At the time of this presentation in January of 2017
13 here are all of the systems, processes, and functions of
14 KapStone that KapStone itself considered to be un-
15 integrated. And those include its core operations,
16 engineering technical, continuous improvement, their
17 quality, safety, and environment, sales, marketing, and
18 scheduling, procurement and transportation and support
19 functions which include finance and HR.

20 At the time of this incident Your Honor KapStone
21 which is the entity that is important and their opinions
22 are what is important here considered themselves to be
23 un-integrated.

24 THE COURT: Okay. Let me stop you just for a
25 minute.

1 MS. SELLERS: Sure.

2 THE COURT: We're using the word integration in a
3 legal sense in this courtroom today. You're citing this
4 Deloitte study to integrate the company back in 2017. Is
5 it your position that the way they used integrate is the
6 same that we're talking about today because when I look
7 at these, I mean to be frank I haven't looked at this
8 yet.

9 But as I'm looking at it now for example on like
10 Bates label KapStone 003543 one KapStone vision there is
11 an urgent need for us to operate as a unified company but
12 integrate the operations and supporting functions of our
13 mill and container systems. So they're talking about a
14 different type of integration that like the legal sense
15 that we're talking about today. They're talking about
16 they need to integrate the mill and container system to
17 get them on the same page.

18 I don't know that they are contemplating integrating
19 the corporate status through this Deloitte company. So
20 correct me if I'm wrong I guess that's where I'm just
21 looking at this and I'm like I don't think they're using
22 integrate the same way that we are sort of using the word
23 integrate. But go ahead.

24 MS. SELLERS: So I think what's important there
25 Your Honor is these are the types of documents and the

1 types of things that Mr. Lester and the reply is actually
2 looking at is all of these factors and how the businesses
3 transact within each other, where they are operating
4 from, how they are being managed, how they are being
5 supported; all of that goes into the Poch factors in this
6 case that goes to ---

7 THE COURT: --- right ---

8 MS. SELLERS: --- the economic integration ---

9 THE COURT: --- okay ---

10 MS. SELLERS: --- of the two companies ---

11 THE COURT: --- okay.

12 MS. SELLERS: So, I'm not trying to say that the
13 word integration in this document is a legal term of
14 integration because I think that would be wholly
15 dispositive and I could stop now. But I think that it
16 goes directly to what the Poch factors are trying to say.
17 They are wanting to make sure that there is Worker's Comp
18 coverage available for workers who are injured. That is
19 why they have the favor of finding for Worker's
20 Compensation.

21 It's not to protect parent companies so that they
22 can never be sued if one of the workers in their
23 subsidies or plants gets injured. The purpose of it is
24 to make sure that a worker who is injured is able to
25 receive Worker's Compensation coverage. And the

1 integration facts that are used for Poch I think include
2 things like the core operations here, the quality safety
3 and environment, the support functions, the IT, the HR; a
4 lot of the documents that counsel brought up before with
5 regards to hiring and pay in support I think it is all
6 combined in the documents that are here as well. I do
7 not mean to ---

8 THE COURT: --- insinuate ---

9 MS. SELLERS: --- no ---

10 THE COURT: --- that they are like back pedaling ---

11 MS. SELLERS: --- no, but I do think ---

12 THE COURT: --- okay ---

13 MS. SELLERS: --- I think it is very important for
14 purposes of evaluating the Poch factors to determine how
15 the KapStone entities were actually viewing themselves
16 and how they were working as combined or non-combined at
17 the time of the incident.

18 And lastly Your Honor on exhibit F this is again,
19 this is actually the presentation that was put together
20 and this idea that they are going to become one KapStone
21 and the fact that this did not occur until January 18th,
22 of 2017.

23 And I note down here [indicates] this is one of the
24 logos that counsel had brought up earlier saying that
25 this was for everything and these come from some of these

1 later documents. One of the documents that wasn't shown
2 earlier Your Honor was KapStone's logo for Charleston,
3 which is actually different, Your Honor, KapStone
4 Charleston Kraft, LLC.

5 So, before I break down any further into the Poch
6 factors I think another important part to bring up Your
7 Honor is the cases that were cited. I know that they
8 were on the board over here [indicates]. I'm not going
9 to hold it up; I know you remember the board. Before the
10 Monsanto case there were two previous cases that were not
11 mentioned very much in Defendant's presentation. One of
12 those was the Gorman v Hollywood case. That case
13 involved a wholly owned subsidiary and the Court said
14 that's not enough to get there.

15 The next case which I think is even more similar to
16 our case here the Brown v Moorhead Oil case, Your Honor.
17 And it's not included on their board I think because it's
18 probably not helpful for the Defendant's argument in this
19 case.

20 And what was important about that case is the
21 Supreme Court in South Carolina looked at the parent
22 company and the subsidiary company and went through this
23 analysis of looking at different factors to determine if
24 they were one entity for purposes of Worker's
25 Compensation. And what the Court looked at was that the

1 two companies were engaged in different business
2 activities. We have the same thing here, Your Honor.

3 THE COURT: And tell me the name of this case again
4 Brown versus?

5 MS. SELLERS: Sure. It's Brown v Moorhead Oil
6 Company.

7 THE COURT: Okay. What's the case site?

8 MS. SELLERS: The case site is 239 S.C. 604.

9 THE COURT: All right. Thank you.

10 MS. SELLERS: The Supreme Court of South Carolina
11 considered the following facts to be significant: That
12 the two companies were engaged in different business
13 activities; that the Plaintiff in that case worked at one
14 place of business and was carried as an employee of that
15 one entity was on its payroll and had his wages paid by
16 those payroll checks.

17 It said also they looked at whether or not the
18 Plaintiff was generally supervised by management of both
19 corporations, and they were not. It looked at whether or
20 not business was transacted from separate locations under
21 separate managers, which they were. And we have the same
22 thing here. The other case that is up on that board is
23 Mickle v Boyd Brothers, Your Honor. And I don't know if
24 you've had an opportunity over the course of this
25 argument to look at it but it is a three page opinion

1 that is unpublished. And even more so I think that the
2 representation that has been of it is incorrect.

3 And what I'd like to point out Your Honor and I know
4 that Your Honor will read it for yourself but there is
5 one paragraph on the Poch case in that case. And it is
6 not delineated out to the eight factors like you have in
7 Poch. What it actually just says is here are some facts
8 that we looked at.

9 And the facts that they looked at were the Human
10 Resources director that was presented I don't know if it
11 was by affidavit or deposition was a representative for
12 both companies in that case; the one that the Plaintiff
13 worked for as well as the parent.

14 The Court also noted that all documents went from
15 the subsidiary to the parent, that the parent advertised
16 for the subsidiary, that there was one logistics
17 department that both owned and operated flat load
18 carriers and advertised as one. They had the exact same
19 owners.

20 The parent company could direct the subsidiary
21 company on what to do even as far as directing where
22 their trucks would go. And the parent company had quote
23 full control over WTI. I think it's important to note
24 that Your Honor because this case is vastly dissimilar.
25 KapStone Paper and Packaging Corporation is a company in

1 Chicago, Illinois that does not sell or manufacture paper
2 products. Ms. Hulseman testified to that; they don't do
3 it. She said KapStone Charleston sells and manufactures
4 paper products.

5 There are separate corporate identities in this
6 case. Corporate is referred to as corporate; Charleston
7 is referred to as Charleston. Ms. Hulseman testified as
8 the corporate representative that if she was going to
9 identify someone who worked at the Charleston plant as to
10 who they worked for she said Charleston.

11 It is identified in the documents that employees are
12 put with a marker next to them as either COR which means
13 corporate or one of the other various entities. But for
14 KapStone Charleston it is KCK. They are all listed out
15 as separate and distinct. There are different things
16 obviously for the corporations. And this is all part of
17 factor one.

18 THE COURT: And the different names are obviously
19 you've got KPPC.

20 MS. SELLERS: KPPC.

21 THE COURT: And then ---

22 MS. SELLERS: --- KapStone Kraft ---

23 THE COURT: --- KapStone Kraft.

24 MS. SELLERS: And then KapStone Charleston Kraft ---

25 THE COURT: --- and yet again KapStone Charleston

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1 right?

2 MS. SELLERS: Charleston Kraft.

3 THE COURT: That's what they went by, okay.

4 MS. SELLERS: And KapStone Charleston Kraft is
5 referred to as Charleston.

6 THE COURT: Okay.

7 MS. SELLERS: They each have their own authority to
8 buy, own, and lease. The KapStone Charleston Kraft plant
9 is owned and operated by KapStone Charleston Kraft. It
10 is not -- even the land and everything that it's on that
11 is leased by Charleston.

12 THE COURT: Okay.

13 MS. SELLERS: It is not leased or owned by KapStone
14 Paper and Packaging Corporation. KapStone Charleston
15 Kraft can be separated off as a completely separate
16 entity and it's viewed entirely separately from KapStone
17 Paper and Packaging Corporation. They are not so
18 economically integrated that they cannot be divided. You
19 can easily divide them.

20 If KapStone Paper wants to sell KapStone Charleston
21 they just knock it off like lint. They are completely
22 separate in that we don't have any type of necessary co-
23 mingling that would allow them to not be able to separate
24 the two companies out. The second factor that counsel
25 went through earlier dealt with management and Board of

1 Directors and how integrated that was. And I think
2 that's why it was important to show Your Honor the
3 documents from Deloitte and from the one KapStone because
4 that goes directly to the management how they were
5 changing their system of management and their system of
6 Board of Directors and how all that integration happened
7 after May of 2016. It was not in place in May of 2016.
8 The shared services department was done in January of
9 2017. Emails show that they did not view themselves as
10 one corporation at the time of this incident.

11 The third factor, Your Honor under Poch in regards
12 to different businesses, different locations, different
13 managers or whether they're all the same in this case we
14 have extremely separate locations. We have one that is
15 in Chicago. The people that are hired by KapStone
16 Charleston all work in Charleston.

17 I know counsel brought up earlier that there were
18 some KapStone paper that were located in Charleston but
19 Your Honor like you said there were a couple of IT people
20 that were at the Charleston plant. Everyone who worked
21 for Charleston was in Charleston. There is no one who
22 was hired by Charleston who is working in Chicago. It
23 doesn't work like that. They are separate businesses,
24 they're doing separate transactions, separate business at
25 separate locations; completely separate. The fourth

1 factor Your Honor deals with hiring and paying your own
2 employees. And I know counsel brought up earlier ADP,
3 which is a payroll company.

4 What is important here though is that KapStone
5 Charleston pays KapStone Charleston employees. Ms.
6 Hulseman testified that their W-2's that their paychecks
7 that those are going to say KapStone Charleston. But if
8 they want to go pick up a paper paycheck they go to the
9 Charleston plant and pick it up.

10 As far as hiring and firing Ms. Hulseman also
11 testified about that. KapStone Charleston hires its own
12 employees. KapStone corporate hires its own employees.
13 If KapStone Charleston wants to fire someone they don't
14 have to go to KapStone corporate and say hey, I want to
15 fire this guy. They have the authority to hire and fire
16 their own employees and they do.

17 With regard to the Plaintiffs in this case they were
18 hired by HR in Charleston. Ms. Hulseman testified that
19 the offer letters for the Plaintiffs in this case the
20 woman who was on the actual offer letter saying we have
21 decided to hire you is a Charleston HR employee. Again,
22 that is a factor that weighs heavily against dismissal in
23 this action because of the separate locations of hiring
24 and firing. The fifth factor is whether or not the
25 companies held themselves out to be separate or not. So

1 I think this goes back to the documents I already showed
2 Your Honor whether or not KapStone is holding itself to
3 be one combined entity or a separate entity.

4 At the time of this incident they were held out to
5 be separate. The Charleston workers who testified in
6 this case don't know anything about corporate, don't know
7 anyone from corporate. They work as Charleston
8 employees. They work for Charleston supervisors in
9 Charleston. They are not dealing with corporate.

10 THE COURT: Right. I'm sure they're not but if you
11 ask them where they work what do they say?

12 MS. SELLERS: Charleston.

13 THE COURT: They say they work at Charleston?

14 MS. SELLERS: Charleston. Charleston Kraft.

15 THE COURT: Okay.

16 MS. SELLERS: The other factor that weighs heavily
17 against the finding of one economic entity is the
18 difference in its activities. And I think the most
19 important thing in this consideration is the forfeiture
20 in South Carolina. KapStone Paper and Packaging
21 Corporation could not operate business activities in May
22 of 2016. They forfeited it in 2015. It came out in Ms.
23 Hulseman's deposition. We had done some research online
24 and we identified that KapStone Paper and Packaging had
25 forfeited. They were not authorized to do business. We

1 presented that to Ms. Hulseman. It was clear it was the
2 first time she heard about it.

3 We had Mr. Niehus' deposition set for January 8th.
4 On January 7th there was communication that was just
5 recently produced from KapStone to the Secretary of State
6 in South Carolina the day before his deposition asking
7 how they can get reinstated in South Carolina.

8 I don't think it's a coincidence that was done the
9 day before. Since they were not allowed to do business
10 in South Carolina in 2016 that factor should be weighed
11 heavily just as it was in Monsanto that they cannot be
12 one economic entity if they cannot even operate in the
13 same state, Your Honor.

14 As far as separate records the companies maintain
15 separate records. Ms. Hulseman identified in her
16 deposition that Charleston records are kept in
17 Charleston. All of the employee files that are relevant
18 in this case are kept in Charleston. They are not kept
19 at the corporate office in Illinois.

20 I think that's another point that was in the Mickle
21 case that all the documents went out to the parent
22 company and that's where they were maintained. In this
23 case we don't. We have Charleston has its own office, it
24 has its own HR, it has its own managers, it has its own
25 supervisors, it has its own employees files, it has its

1 own records and they are all maintained down in KapStone
2 Charleston. And I think that's why at the very, very
3 beginning of this case KapStone when we wanted KapStone
4 Charleston Kraft documents they told us we don't have
5 those; go subpoena them from the plant because they're
6 not a party in this case. We don't maintain those
7 documents. So we did that, Your Honor. We sent a
8 subpoena and then they said no. But we now have
9 different documents.

10 Some that are Bates labeled for KapStone Paper
11 because they're maintained in KapStone up in Chicago and
12 then we have actual documents that are produced in this
13 case from KapStone Charleston Kraft because they are
14 maintained completely separately as a separate entity.

15 I think Your Honor based on all of the documents
16 that have actually been produced in this case I think
17 that in conjunction with the testimony verses the
18 affidavit from Ms. Hulseman that these companies are so
19 separate and so dissimilar from the type of fact
20 situation that we have in Poch or that we have in Mickle
21 v Boyd Brothers.

22 The point of Poch was not to suddenly destroy a
23 Plaintiff's ability to sue a parent. That is not why it
24 was created. And I think what Defendants are arguing for
25 and trying to do with this motion is to wholly expand

1 what Poch was doing. They now want to expand the
2 protection of a lawsuit to any parent corporation that
3 has a Worker's Compensation policy that covers its
4 subsidiaries.

5 And I think that that is not what the Supreme Court
6 of South Carolina was trying to do. I think the Supreme
7 Court of South Carolina was trying to ensure that an
8 injured worker had the ability to be covered by Worker's
9 Compensation. And we have that in this case. We have
10 Charleston Kraft as providing Worker's Compensation. We
11 have a completely separate and distinct parent entity
12 that under the general rule can be sued in this lawsuit,
13 Your Honor.

14 And I think based on all the documents and the
15 testimony that was provided by the corporate
16 representative that they attempted to de-designate that
17 there is much more than a fact question as to the eight
18 Poch factors in this matter and therefore the Motion to
19 Dismiss should be denied.

20 THE COURT: What about the fact that the insurance
21 policy I think from what I heard actually was one policy
22 for the whole corporation?

23 MS. SELLERS: So from our clients prospective they
24 are being paid by Charleston Kraft through their employer
25 through their Worker's Compensation provided by their

1 employer. I think several of these cases talk about
2 Worker's Compensation policies or insurance policies that
3 are provided by a parent corporation and how that can be
4 considered. But the benefits for the Plaintiffs in this
5 case are coming from Charleston.

6 THE COURT: Okay. All right. Thank you very much.
7 I appreciate it.

8 MR. TARVER: May it please the Court?

9 THE COURT: Sure.

10 MR. TARVER: I'm Derek Tarver on behalf of the
11 KapStone Defendants. Your Honor, that was a lot and I'm
12 going to try and reply in an orderly fashion.

13 THE COURT: Okay.

14 MR. TARVER: If I skip something that the Court
15 thinks warrants discussion please let me know. I'm happy
16 to.

17 THE COURT: Okay.

18 MR. TARVER: First I'd like to discuss the issue of
19 the applicability of Poch to this case as raised by Mr.
20 Findley and the policy the Courts have applied in
21 expanding Worker's Compensation when it is applied both
22 as a sword and as a shield. Now first off, Your Honor
23 I'd like to point out that in Olmstead v Shakespeare
24 before the Supreme Court of South Carolina one of the
25 questions was whether the Court of Appeals erred by

1 indicating the principles of Worker's Compensation
2 operate differently when exclusivity of the statute is
3 asserted by the Defendant as a shield to the liability.

4 And the Court answered that conclusively this Court
5 has not previously adopted a different standard of review
6 for cases in which Worker's Compensation statute is used
7 as a shield to liability under another theory and
8 declines to do so now. Plaintiff's argument that the
9 extension of Worker's Compensation is unilaterally aimed
10 towards including workers under policies is incorrect and
11 Olmstead makes that very clear.

12 Second point Mr. Findley made was that Poch is
13 inapplicable to the facts of this case and that's wholly
14 incorrect. In Poch the Supreme Court in adopting the
15 Monsanto test pointed out that these are the eight
16 factors that Courts should consider in determining
17 whether two related businesses are separate and distinct
18 corporations for Worker's Compensation purposes.

19 That's the case we have here. Narrowly applying it
20 to the case of Bayshore and Poch is really not
21 appropriate in this case. This is the question and these
22 are the factors that are applied in a case such as this
23 where related entities are faced with an issue of tort
24 liability but believe they should be extended the
25 immunity accorded a related company under Worker's

1 Compensation's exclusivity rule. Jumping around on the
2 law that the Plaintiffs point out as well Plaintiffs
3 referred the Court to Brown but the fact is Brown
4 predates Poch. Poch sort of washes that clean. We
5 didn't leave Brown off of the board because it's bad for
6 us. We left Brown off the board because Brown was
7 rendered obsolete when Poch adopted these eight factors.

8 Now the timeline of this sort of case law result
9 where we wind up with Poch is that Monsanto, the District
10 Court in 1982 reviewed all of South Carolina case law up
11 to that point and considered the facts in Brown, Textron,
12 and Gordon v Hollywood-Beaufort Packaging Corporation and
13 it synthesizes those into the eight factors that it
14 adopted into the test and then that's what Poch
15 officially adopted in 2013. That's the test that
16 applies.

17 That's not to say that Brown is inapplicable; but
18 Brown is not controlling. And in fact the Brown case,
19 the Gordon case and the Textron case are all in the
20 folder that we provided you earlier, Your Honor.

21 Now moving on I'd like to move on to talk about the
22 Hulseman affidavit. And this is an interesting one
23 because I can't deny that Ms. Hulseman testified that she
24 lacked personal knowledge over a lot of factors. The
25 point that I want to raise though is that Ms. Hulseman

1 didn't understand and was not provided a proper
2 representation of what personal knowledge is. In fact,
3 in her deposition if I may starting on page 61, line 19
4 Mr. Findley asked: And the reason bracketed you wouldn't
5 make changes to the 10-K regarding ownership is because
6 you don't have personal knowledge of the ownership.

7 You just have what you were told and what you see as
8 exhibit C in KapStone 1, correct? And Ms. Hulseman
9 replied: I don't understand personal knowledge. Mr.
10 Findley said: Okay. Personal knowledge would mean that
11 you have the knowledge you either created the document,
12 you are familiar with what's in there, you verified the
13 document.

14 Let me give you an example. Someone handed you a
15 chart, Exhibit C to your affidavit, and you don't know
16 where it was created. You don't know where it came from.
17 You don't know who made it. You don't know what it's
18 based on. That's not having personal knowledge.

19 Well, Your Honor, that's not the definition of
20 personal knowledge legally speaking. The definition of
21 personal knowledge means that you have familiarity with
22 it based on experience. I know what grape bubble gum
23 tastes like. When I eat something and say that tastes
24 like grape bubble gum I don't have to go verify it by
25 looking at documents to tell me that which I already

1 know. And Ms. Hulseman actually had personal knowledge
2 of all of the stuff in her affidavit. As she testified
3 she had been working for KapStone at KapStone's corporate
4 office for ten years as a high officer. She knew the
5 information that was included but she was terrified of
6 perjuring herself I mean to the point of tears at one
7 point in her deposition.

8 She kept saying I don't know, I don't know, I don't
9 know based exclusively on his misrepresentation of what
10 personal knowledge actually was. And to that extent I
11 think the Court should give it what's it worth but not
12 strike the affidavit but review Ms. Hulseman's deposition
13 as a whole to understand the circumstances of her
14 answers.

15 Moving on to Mr. Lester's report. Plaintiffs have
16 harped on the point that they suggest Mr. Lester's report
17 was untimely submitted and the KapStone Defendants
18 untimely disclosed Mr. Lester. That is absolutely
19 incorrect.

20 The KapStone Defendants disclosed Mr. Lester as an
21 expert on April 30th, 2019 pursuant to the consent
22 scheduling order this Court had entered in November 2018
23 and which was standing at the time. And if the Court
24 would like I can bring these to you for your review.

25 THE COURT: A scheduling order?

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1 MR. TARVER: A scheduling from ---

2 THE COURT: --- oh, I'm familiar with the
3 scheduling order.

4 MR. TARVER: You're familiar with them? Well, I
5 can also bring you the email that shows that we disclosed
6 Mr. Lester to all counsel on April 30th pursuant to that
7 scheduling order. Now there is no rule in South Carolina
8 that requires us to disclose an expert as soon as we
9 retain him and as such the scheduling order is the
10 controlling rule on the timeliness of disclosure which we
11 complied with.

12 THE COURT: Okay.

13 MR. TARVER: In addition, Your Honor, our
14 disclosure, our submission of his report was timely as
15 well. During the May 24th, 2019 scheduling conference --
16 oh, I'm sorry hearing this Court set the original date
17 for this Motion to Dismiss on June 21.

18 And in that hearing you instructed the parties to
19 submit all of the documents that we intended to rely upon
20 ten days before that date. Well, we submitted Mr.
21 Lester's report on 5/31. That's three weeks before the
22 date. And we did this with the intent to provide the
23 Plaintiffs an opportunity to review the report and depose
24 Mr. Lester if they so pleased. As such all of the
25 disclosure and submission of the report was timely.

1 There really is no argument otherwise. As to the merits
2 of Mr. Lester's report Plaintiffs suggest that Mr.
3 Lester's report reaches legal opinions because of an
4 earlier version of his report in which he cites the Poch
5 factors.

6 This is incorrect. An expert is entitled to amend
7 his report. The report that we submitted makes no
8 reference to Poch and we actually advised him hey, Mr.
9 Lester in South Carolina the rule is you are not allowed
10 to reach an opinion that imposes itself upon the Court's
11 exclusive province of legal conclusions.

12 But, Your Honor, if you want to dig into this you
13 can take a look at that and you can see he actually
14 doesn't reach a legal opinion in the earlier version of
15 his report. He just lays out the foundation for the
16 structure. It's really a structural issue.

17 At no point in his report does he actually say I
18 believe that these entities are so integrated that they
19 satisfy the Poch factors or that jurisdiction is limited
20 to the Worker's Compensation Commission. He doesn't say
21 that and that's really the legal conclusion. But again,
22 Your Honor, that report is not the one for this Court's
23 consideration. One more point Plaintiffs make about Mr.
24 Lester's deposition and affidavit was that he provided
25 testimony that he had not reviewed all of the documents

1 produced in this action. And that's correct, honestly.
2 But there is a reason for that.

3 And the bulk of those documents were produced in
4 response to Plaintiffs fifth request for production after
5 his report was submitted during a time when we thought
6 the original hearing date of June 21 was moving forward
7 and we were stuck between a rock and a hard place of
8 complying with this Court's instruction to get the
9 documents in ten days before and having Mr. Lester review
10 these documents and potentially need to review his
11 report.

12 Ultimately I mean in retrospect we could have made
13 him review them before the July date. But honestly Your
14 Honor and I'll touch on this in a minute we don't think
15 the documents necessarily hurt us and we don't think they
16 would have changed his opinion. But to the extent the
17 Court finds this material -- take a look at the documents
18 and reach your own conclusion.

19 Oh, and in addition Your Honor out of those
20 documents about a quarter of them are actually
21 redundancies; they are just unredacted versions of
22 documents that had been previously produced in which he
23 had already reviewed. So, Your Honor, moving on to the
24 one KapStone documents I think you hit the nail on the
25 head. First off these documents don't really indicate a

1 lack of integration in terms of Poch and the factors that
2 are relevant to Poch. In fact, Your Honor, out of all
3 the documents that we reviewed -- may I approach?

4 THE COURT: Sure.

5 MR. TARVER: I've never used an ELMO before so this
6 should be interesting. I might not use an ELMO today
7 either. Oh, here we go.

8 [Whereupon, the image is shown on screen]

9 MR. TARVER: So this is I believe it was -- was
10 this your exhibit H or I -- I believe it was exhibit H.
11 And this is the one Your Honor that you pointed out had a
12 little bit of information. Plaintiffs have done a really
13 good job of cherry picking language out of these
14 documents that is beneficial to their position. But they
15 don't look at the document holistically.

16 And I think when the Court actually sits down and
17 reads these documents holistically you'll understand that
18 it does not one, apply to the issues relevant to Poch but
19 it's additionally factually not relevant to KapStone
20 Paper either.

21 And turning to the page that you pointed out
22 KapStone 3543 this really kind of lays out the purpose of
23 and the reasoning for this project. The one KapStone
24 vision there is an urgent need for us to operate as a
25 unified company integrating operations and supporting

1 functions of the mill and container systems. That
2 doesn't include KapStone Paper. Within KapStone if and
3 when you review the record you'll see that the mill
4 division is comprised of KapStone Kraft Paper -- KapStone
5 Kraft paper, KapStone Charleston, Victory, and Longview.
6 These are the mills. These are the subsidiaries that
7 process the wood chips and make them into paper.

8 The container system are other subsidiaries that
9 take those brown papers and make them into the boxes.
10 What these documents are aiming towards is developing
11 operational integration. They are making efficiency so
12 that these two forms of subsidiaries can function
13 together.

14 And the reason they're doing this and this is the
15 linchpin in this that I like so much is they recognize
16 that they have a 150 million dollar EBITDA gap that is
17 caused by a lack of operational integration between the
18 mill divisions and the container divisions.

19 So what does this mean? Well, EBITDA is earnings
20 before interest, tax, depreciation, and amortization. It
21 is in effect a company's gross unadjusted income. And
22 EBITDA in this case indicates that the KapStone Paper and
23 Packaging Corporation maintained consolidated books for
24 all of its subsidiaries. And at the end of the year it
25 looked at that consolidated book and it said holy moly;

1 we bleeding out 150 million dollars purely as a result of
2 a lack of operational efficiency. How can we develop
3 operational efficiency to gain that money back?

4 So not only does this point to the fact that they
5 had consolidated books this points to the fact that
6 KapStone Paper could say KapStone Charleston change what
7 you do. KapStone Container change what you do. KapStone
8 Victory change what you do and those subsidiaries had no
9 option but to do what KapStone Paper told them to do.

10 That's control by KapStone Paper over the operations
11 and the day to day management of the subsidiaries for the
12 holistic EBITDA gain of the companies. Not only that,
13 they refer to themselves in the collective throughout
14 this document. They don't say KapStone Charleston and
15 KapStone Kraft and KapStone Container. They say we need
16 to do this. Our systems need to be integrated.

17 And when you review these documents Your Honor I
18 think you'll reach the same conclusion that we do that
19 the one KapStone project is not detrimental for our
20 position but actually exhibits preexisting integration
21 but economically integrated companies that just wanted to
22 collect money that they were missing out. And that's not
23 uncommon among big companies that have several
24 subsidiaries that are all engaged in the same industry.
25 It's not unlike when an athlete wants to improve their

1 performance. In 2008 we were seeing Bolt break a world
2 record 200 meter. In 2009 he beat that time. Did that
3 mean he was slow the year before? No, he was still fast.

4 And that's the case here. KapStone was integrated
5 in 2016. It was integrated in 2015 but it wanted to get
6 better and it wanted to get more integrated because they
7 wanted to improve their performance. And how do you
8 improve a company's performance but by looking at the
9 bottom line EBITDA?

10 So, that means that Your Honor you have the facts
11 that Plaintiffs point out. I think that we addressed
12 pretty thoroughly in our presentation through Mr. Willis.
13 I don't think we need to touch on that. They do make a
14 couple of points that I'd like to point out just really
15 can't stand.

16 First off they state conclusory statements. They
17 haven't provided any documentary support. They just
18 stand here and tell you what they think is the case. I
19 suggest that you review the record for yourself and come
20 to your own conclusion.

21 Plaintiffs also suggest that any of the KapStone
22 entities could up and become their own independent
23 company any time they want. Well, that's absolutely
24 untrue and we know that from Ms. Hulseman's deposition
25 which provides that even before January 2017 KapStone

1 Paper in their corporate office was provided integral
2 necessary services to these subsidiaries that's required
3 for running a business i.e. payroll services, i.e.
4 accounting, taxes; all of this was controlled by KapStone
5 corporate.

6 KapStone Paper runs the finances of these
7 subsidiaries. If KapStone Charleston picked up and tried
8 to become its own company tomorrow they would collapse
9 because all it does is process wood chips. It wouldn't
10 have anything to do with the money.

11 Well, Your Honor, I think that's the end. I've
12 addressed the points that I think are worth speaking
13 about. Is there anything else you'd like to talk about
14 with regard to Plaintiffs responses?

15 THE COURT: I don't think so. I think you've
16 addressed it thoroughly.

17 MR. TARVER: Thank you, Your Honor.

18 THE COURT: All right. I know initially I had high
19 expectations of trying to make a decision on the spot.
20 And that was when I thought I would be receiving
21 everything to be submitted about a week or ten days
22 beforehand. So obviously that's changed a little bit but
23 that's okay. I've got some things this week. Obviously
24 I want to give a good look at what has been provided to
25 me and review the cases cited from both sides thoroughly.

1 So I'll do that. I'm not going to give a timeline of
2 when I think I'm going to give you an order because
3 inevitably it will fall outside and we'll get ten emails
4 a day wondering where the order is so I'm just not going
5 to do that. I'm not going to pin myself down. I'm
6 learning little things as I go slowly but surely.

7 I appreciate everybody's attention today and
8 preparedness. Certainly both sides have done an
9 excellent job presenting the cases on behalf of their
10 respective clients and I certainly appreciate y'all
11 traveling here today as well. Thank you very much.

12 MR. WILLIS: Thank you, Your Honor.

13 MR. TARVER: Thank you, Your Honor.

14 MR. FINDLEY: Thank you, Your Honor.

15 MS. SELLERS: Thank you, Your Honor.

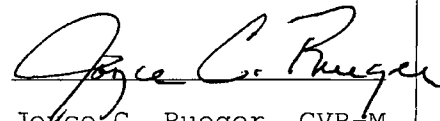
16 *****END OF TRANSCRIPT OF RECORD*****
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C E R T I F I C A T E

I, the undersigned, Joyce C. Rueger, Official
Circuit Court Reporter for the Ninth Judicial Circuit of
the State of South Carolina, do hereby certify that the
foregoing is a true, accurate, and complete Transcript of
Record of the proceedings had and evidence introduced in
the trial of the captioned case, relative to appeal, in
the Court of Common Pleas for Charleston County, South
Carolina on the 27th day of September, 2019.

I do further certify that I am neither of kin,
counsel, nor interest to any party hereto.

February 27, 2020


Joyce C. Rueger, CVR-M
Court Reporter



COPY

[Certified Copy Provided for: Callison Tighe Robinson,
LLC]

STATE OF SOUTH CAROLINA	§	IN THE COURT OF COMMON PLEAS
	§	
COUNTY OF CHARLESTON	§	FOR THE NINTH JUDICIAL CIRCUIT
	§	
Jacque Lucas, Shirley Ann Lucas and Daniel Simerly,	§	CIVIL ACTION NO: 2017-CP-10-00838
	§	
<i>Plaintiffs</i>	§	
vs.	§	
	§	
KapStone Paper and Packaging Corporation,	§	
KapStone Kraft Paper Corporation, Safway	§	
Group Holdings, LLC, Easy Way Insulation	§	
Co., Inc., Sypris Technologies, Inc. f/k/a Tube-	§	
Turns Technologies, Inc., Thompson	§	
Construction Group, Inc. and Thompson	§	
Industrial Services, LLC,	§	
<i>Defendants</i>	§	

FILED
2019 JUN 10 AM 11:23
JULIE J. ARMSTRONG
CLERK OF COURT

AFFIDAVIT OF TODD K. LESTER

BEFORE ME, the undersigned Notary Public, on this day personally appeared TODD K. LESTER, who, being by me duly sworn according to law, did upon his oath depose and state as follows:

1. My name is Todd K. Lester. I am a citizen of the United States. I am over the age of eighteen (18), of sound mind, and fully competent to provide this testimony and swear to the matters within. The facts stated in this Affidavit are within my personal knowledge and are true and correct.

2. I am a Senior Managing Director at FTI Consulting, Inc. ("FTI Consulting") in the Forensic and Litigation Consulting Practice and a member of the Disputes Advisory Services segment. FTI Consulting is a management and business consulting firm that specializes in providing accounting, financial, economic and project management consulting services to clients and client companies, including providing assistance in resolving business problems and disputes, many of which involve parties in litigation.

3. I have over 30 years of general finance, economics, accounting and consulting experience in providing financial investigations, dispute analysis, and various forms of consulting services to counsel and client companies, including performing valuations and valuation analyses of both public and private entities. I have an undergraduate Bachelor of Business degree in Finance and International Business from The University of Texas and a Bachelor of Arts degree in Biology from the same university. I also have a

Master of Business Administration degree (MBA) from The University of Texas. I am recognized as an Accredited Senior Appraiser (ASA) with the American Society of Appraisers in the Business and Intangible Asset valuation discipline and a Certified Fraud Examiner (CFE) by the Association of Certified Fraud Examiners.

4. Prior to joining FTI Consulting, I was a Managing Director in the Disputes, Investigations and Economics practice of Navigant Consulting, Inc. ("Navigant"). Before joining Navigant, I spent seven years in the financial advisory services practice of a then "Big 5" public accounting firm providing similar consulting services.

5. During the past 30 years I have consulted on numerous matters involving the analysis and determination of the economic reality and financial consequences of complex transactions, business structures and events including numerous litigation and investigative matters that have required extensive financial, economic and / or accounting analysis. I have performed this work for large and small companies in the private sector, as well as for state and federal agencies, and have provided expert testimony in State and Federal courts.

6. In the area of dispute analysis I have provided assistance to counsel on numerous litigation and arbitration related matters involving such issues as breach of contract, breach of fiduciary duty, business interruption, business failure, construction delay and disruption, fraud and forensic investigations, and insurance claims, among others; and have managed projects involving many types of loss assessment (i.e., damages analysis) including lost profits, lost wages and earnings, incremental costs, diminution of value, lost competitive advantage, and theft / fidelity claims.

7. In addition, I have provided forensic and financial investigations for counsel and client companies including investigations into allegations of accounting irregularities, fraud, breach of fiduciary duty, regulatory compliance and other suspected misconduct in both domestic and international forums. Often my efforts have included the evaluation and assessment of internal processes, procedures and controls, operational performance, management decision-making, and the effectiveness of governance by Boards of Directors. My Curriculum Vitae is provided as Exhibit A to this Affidavit.

8. In connection with the above captioned litigation, I have been retained by Bowman and Brooke LLP ("Bowman" or "Counsel") on behalf of KapStone Paper and Packaging Corporation ("KapStone Paper") and KapStone Kraft Paper Corporation ("KapStone Kraft") (collectively "KapStone" or the "KapStone Defendants") to provide consulting and litigation support services. More specifically, I have been asked to provide assistance to Counsel in evaluating the economic substance of the relationship

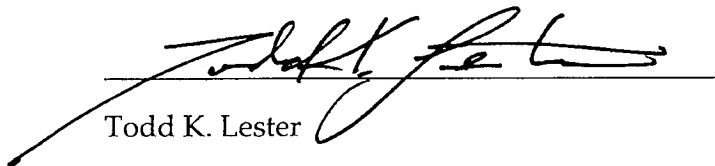
between the KapStone Defendants and KapStone Charleston Kraft, LLC ("KapStone Charleston") (collectively the "KapStone related entities"). In addition, I have been asked to evaluate the extent to which the governance, management, operational and financial aspects of the KapStone related entities are separate and distinct, or integrated, with emphasis on the relationship that existed in 2016.

9. The observations and opinions resulting from my review and evaluation of the KapStone related entities are set out in the "Expert Report of Todd K. Lester" ("Expert Report"), attached hereto as **Exhibit B**, with accompanying exhibits and a more detailed description of the scope of work, my approach, and the documents and information I considered in my efforts. I hold these opinions to a reasonable degree of certainty in the field of forensic accounting and financial analysis.

10. This Affidavit and attached Expert Report are intended to be used solely in this litigation and should not be relied upon for any other purpose. FTI Consulting is not a public accounting firm and did not audit any financial statements or perform any attest procedures during this engagement, nor has FTI Consulting provided any legal advice to counsel or the KapStone Defendants, including within this Affidavit or the attached report.

11. I declare under penalty of perjury that the foregoing is true and correct.

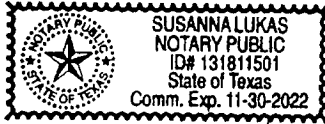
FURTHER AFFIANT SAYETH NOT.


Todd K. Lester

STATE OF TEXAS §
COUNTY OF TRAVIS §

BEFORE ME, a Notary Public, on this day personally appeared TODD K. LESTER, known to me to be the person whose name is subscribed to the foregoing AFFIDAVIT and acknowledged to me that he executed the same for the purposes therein expressed.

Given under my hand and official seal this 30th day of May 2019.



Susanna Lukas
Notary Public in and for the State of Texas

My Commission expires:

11-30-2022

Susanna Lukas
Printed Name of Notary

STATE OF SOUTH CAROLINA	§	IN THE COURT OF COMMON PLEAS
	§	
COUNTY OF CHARLESTON	§	FOR THE NINTH JUDICIAL CIRCUIT
	§	
Jacque Lucas, Shirley Ann Lucas and Daniel Simerly,	§	CIVIL ACTION NO: 2017-CP-10-00838
	§	
<i>Plaintiffs</i>	§	
vs.	§	
	§	
KapStone Paper and Packaging Corporation,	§	
KapStone Kraft Paper Corporation, Safway	§	
Group Holdings, LLC, Easy Way Insulation	§	
Co., Inc., Sypris Technologies, Inc. f/k/a Tube-	§	
Turns Technologies, Inc., Thompson	§	
Construction Group, Inc. and Thompson	§	
Industrial Services, LLC,	§	
<i>Defendants</i>	§	

EXPERT REPORT OF TODD K. LESTER

I. INTRODUCTION

1. I am a Senior Managing Director at FTI Consulting, Inc. ("FTI Consulting") in the Forensic and Litigation Consulting Practice and a member of the Disputes Advisory Services segment. FTI Consulting is a management and business consulting firm that specializes in providing accounting, financial, economic and project management consulting services to clients and client companies, including providing assistance in resolving business problems and disputes, many of which involve parties in litigation.

2. In connection with the above captioned litigation, I have been retained by Bowman and Brooke LLP ("Bowman" or "Counsel") on behalf of KapStone Paper and Packaging Corporation ("KapStone Paper") and KapStone Kraft Paper Corporation ("KapStone Kraft") (collectively "KapStone" or the "KapStone Defendants") to provide consulting and litigation support services. More specifically, I have been asked to provide assistance to Counsel in evaluating the economic substance of the relationship between the KapStone Defendants and KapStone Charleston Kraft, LLC ("KapStone Charleston") (collectively the "KapStone related entities"). In addition, I have been asked to evaluate the

extent to which the governance, management, operational and financial aspects of the KapStone related entities are separate and distinct, or integrated, with emphasis on the relationship that existed in 2016.

3. Certain aspects of my review and analysis are ongoing. As such, the opinions expressed in this report and portions of the information presented in the accompanying exhibits are subject to amendments or additions as a result of additional discovery and / or production prior to or at the time of trial including further findings of facts, additional analyses, or through the reports or testimony of other witnesses in deposition or at trial.

4. This report is intended to be used solely in this litigation and should not be relied upon for any other purpose. FTI Consulting is not a public accounting firm and did not audit any financial statements or perform any attest procedures during this engagement, nor has FTI Consulting provided any legal advice to Counsel or the KapStone Defendants, including within this report.

II. QUALIFICATIONS

5. I have over 30 years of general finance, economics, accounting and consulting experience in providing financial investigations, dispute analysis, and various forms of consulting services to counsel and client companies, including performing valuations and valuation analyses of both public and private entities. I have an undergraduate Bachelor of Business degree in Finance and International Business from The University of Texas and a Bachelor of Arts degree in Biology from the same university. I also have a Master of Business Administration degree (MBA) from The University of Texas. I am recognized as an Accredited Senior Appraiser (ASA) with the American Society of Appraisers in the Business and Intangible Asset valuation discipline and a Certified Fraud Examiner (CFE) by the Association of Certified Fraud Examiners.

6. Prior to joining FTI Consulting, I was a Managing Director in the Disputes, Investigations and Economics practice of Navigant Consulting, Inc. ("Navigant"). Before joining Navigant, I spent seven years in the financial advisory services practice of a then "Big 5" public accounting firm providing similar consulting services.

7. During the past 30 years I have consulted on numerous matters involving the analysis and determination of the economic reality and financial consequences of complex transactions, business structures and events including numerous litigation and investigative matters that have required extensive financial, economic and / or accounting analysis. I have performed this work for large and small companies in the private sector, as well as for state and federal agencies, and have provided expert

testimony in State and Federal courts.

8. In the area of dispute analysis I have provided assistance to counsel on numerous litigation and arbitration related matters involving such issues as breach of contract, breach of fiduciary duty, business interruption, business failure, construction delay and disruption, fraud and forensic investigations, and insurance claims, among others; and have managed projects involving many types of loss assessment (i.e., damages analysis) including lost profits, lost wages and earnings, incremental costs, diminution of value, lost competitive advantage, and theft / fidelity claims.

9. In addition, I have provided forensic and financial investigations for counsel and client companies including investigations into allegations of accounting irregularities, fraud, breach of fiduciary duty, regulatory compliance and other suspected misconduct in both domestic and international forums. Often my efforts have included the evaluation and assessment of internal processes, procedures and controls, operational performance, management decision-making, and the effectiveness of governance by Boards of Directors.

III. COMPENSATION

10. FTI Consulting is billing time for my professional services in this matter at the rate of \$575 per hour. FTI Consulting will be compensated at the same hourly rate if I am asked to testify in deposition or during arbitration. In addition, other professionals at my firm acting under my direct supervision have assisted me on this matter.

IV. DOCUMENTS AND INFORMATION RELIED UPON

11. In preparing this report, I relied upon information from a variety of sources, each of which is of a type reasonably relied upon by experts in my field. The opinions and conclusions contained in this report are based on my independent and objective review of certain information obtained from Counsel and produced by the parties in this matter. That information includes electronic information and files containing copies of certain pleadings in this case, organizational documents for the respective KapStone related entities, information pertaining to the financial and operational management, as well as the overall management and governance, of the KapStone related entities, and certain information from the personnel files for Messrs. Jacque Lucas and Daniel Simerly. In addition, I conducted certain research and analyses into the background and financial reporting for KapStone and the KapStone related entities.

12. I also relied upon my own professional judgment and expertise gathered in over 30 years of consulting with businesses including the evaluation and analysis of complex claims, damages and

valuation issues in litigation and investigation related matters.

13. The information I have considered in developing this report is listed in **Appendix A**.

V. STRUCTURE OF THIS REPORT

14. The structure of this report is as follows:

- Section VI – Summary of Opinions
- Section VII – Background
- Section VIII – Scope of Work and Approach
- Section IX – KapStone Corporate Structure and Reporting
- Section X – KapStone Business Purpose and Focus
- Section XI – KapStone Corporate Locations and Identity
- Section XII – KapStone Corporate Governance and Management
- Section XIII – KapStone Business Operations
- Section XIV – KapStone Accounting and Financial Management Practices
- Section XV – KapStone Policies and Procedures
- Section XVI – Conclusion
- Section XVII – Expert Declaration

VI. SUMMARY OF OPINIONS

- In May 2016, KapStone Kraft and KapStone Charleston were wholly-owned (100% owned) subsidiaries of KapStone Paper. Both KapStone Kraft and KapStone Charleston were created by KapStone in connection with KapStone's acquisition of certain assets of other companies in its efforts to expand its paper and paper manufacturing business. The process of creating companies for the purpose of holding the stock or assets purchased from another company (i.e., the use of special purpose acquisition vehicles) is not uncommon.
- In preparing this report, I evaluated the economic substance of the relationship between KapStone Paper, KapStone Kraft and KapStone Charleston, including such factors as corporate structure and reporting, business purpose and focus, corporate name, branding and marketing, governance and management, and accounting and financial management practices, among others, to assess the degree of financial integration between the three entities.
- In May 2016, KapStone Paper, KapStone Kraft and KapStone Charleston operated with

a high degree of financial and economic integration between the three entities.

- KapStone Paper, as the parent / holding company to both KapStone Kraft and KapStone Charleston, did not manufacture paper products. KapStone Paper provided a common platform for shared corporate services including various integrated organizational functions, financial reporting, and tax reporting for KapStone Kraft and KapStone Charleston. This is a common role for parent / holding corporations.
- KapStone Charleston, KapStone Kraft and KapStone Paper used a common internet website and email exchange system, a shared corporate headquarters, and a common logo on applicable internal and external corporate documentation.
- KapStone Paper filed one consolidated financial statement with the Securities and Exchange Commission (SEC) and one consolidated U.S. Corporation Income Tax Return with the Internal Revenue Service (IRS).
- In describing financial and operational results for KapStone in its Annual Reports and periodic Form 8-K reports filed with the SEC, as well as in connection with various earnings calls and investor presentations, KapStone Paper did not report or describe the operations of the KapStone related entities as separate and distinct. Both KapStone Kraft and KapStone Charleston were reported and described primarily in relation to, and as part of, KapStone's Mill Division.
- The KapStone related entities were governed and managed by overlapping Directors, the same Executive Officers, and a common management group applicable to the Mill Division. KapStone was governed by a Board of Directors (where two members also served as Directors of KapStone Kraft), and a common group of Executive Officers (e.g., CEO, CFO, General Counsel). KapStone's Mill Division also was managed by a common group of managers (e.g., VP of the Mill Division) that reported directly to Executive Officers at KapStone's headquarters.
- The KapStone related entities abided by a common set of corporate policies and procedures, where applicable, as well as a common set of policies and procedures that were applicable primarily to KapStone's Mill Division.

- Employees of the KapStone related entities shared benefit plans from a common provider (e.g., Group Health and Welfare Plan, 401(K) Plan, Defined Benefit Retirement Plan) and insurance from a common provider (i.e., Workers Compensation and Employers Liability), which were administered and paid for by KapStone Paper in relation to all employees. This included the payment of premiums in relation to Worker's Compensation and Employer's Liability insurance.
- The KapStone related entities operated through a centralized purchase order system and an integrated accounting and cash management system that included managing cash through a master account maintained by KapStone Paper, as well as through combined accounts receivables sale and associated receivables purchasing agreements.
- As described throughout this report, I evaluated the economic and financial relationship between KapStone Paper, KapStone Kraft and KapStone Charleston. Based on my evaluation, I observed that the KapStone related entities, at and around May 2016, were highly integrated from a financial standpoint.

VII. BACKGROUND

15. In May 2016, KapStone was a U.S. based company in the paper, packaging and distribution solutions business that produced mill products and lumber products including containerboard, kraft papers, corrugated products and specialty paper.¹ KapStone operated through its parent holding company, KapStone Paper (established in 2005), and a number of wholly-owned subsidiaries acquired by KapStone from 2007 through the present including KapStone Kraft and KapStone Charleston, as well as KapStone Container Corp. ("KapStone Container"), Longview Fibre Paper & Packaging, Inc. ("Longview"), and Victory Packaging, L.P. ("Victory"), among other domestic and foreign subsidiaries.

A. KapStone Paper

16. KapStone Paper was originally incorporated in Delaware on April 15, 2005 as Stone Arcade Acquisition Corporation ("Stone Arcade") for the purpose of "effecting a merger, capital stock exchange, asset acquisition or other similar business combination with an unidentified operating business in the

¹ KapStone Paper and Packaging Corporation, Form 10-K for the fiscal year ended December 31, 2016 [KAPSTONE-000002 – 134 at 3], KapStone Paper and Packaging Corporation, Securities and Exchange Commission, Form 8-K at 3, July 27, 2016

paper, packaging, forest products, and related industries.”^{2,3} Several months later on August 19, 2015 Stone Arcade had an initial public offering (IPO) to secure investment capital for the above described purpose and strategy.⁴

17. Stone Arcade made its first acquisition in 2007 through KapStone Kraft (a subsidiary incorporated by Stone Arcade) with the purchase of the Kraft Papers Business from International Paper Company (“International Paper”).⁵ Subsequent to the acquisition, Stone Arcade officially changed its name to KapStone Paper.⁶

18. KapStone continued to grow its paper and paper manufacturing business through other significant acquisitions in 2008, 2011, 2013 and 2015, as well as through smaller acquisitions over the same period. KapStone’s more significant acquisitions included the purchase of the Charleston Kraft Division from MeadWestvaco Corporation (“MeadWestvaco”) in 2008 that became KapStone Charleston, U.S. Corrugated, Inc. in 2011 that was reorganized and renamed KapStone Container, Longview in 2013, and Victory in 2015. A timeline of the more significant acquisitions by KapStone during this period is provided in Exhibit 1.

19. In 2016, KapStone Paper was a publicly-traded holding company headquartered in Northbrook, Illinois that employed approximately 6,300 employees through the holding company and its various wholly-owned subsidiaries.⁷ At the time, KapStone owned four paper mills, 23 corrugated products manufacturing plants, and 60 distribution facilities primarily across North America, Mexico and Canada; and reported operating results in two reportable segments: (1) Paper and Packaging; and (2) Distribution.⁸ The Paper and Packaging segment manufactured and sold containerboard, corrugated products and specialty paper for industrial and retail customers. The Distribution segment provided packaging solutions and distribution services.⁹

² KapStone Paper and Packaging Corporation, Form 10-K for the fiscal year ended December 31, 2016 [KAPSTONE-000002 – 134 at 5]

³ Certificate of Incorporation of Stone Arcade Acquisition Corporation, filed April 15, 2005 [KAPSTONE-000288 – 293]

⁴ Stone Arcade Acquisition Corporation, Securities and Exchange Commission, Form S-K at 2, August 19, 2005

⁵ *Ibid.* See also Company Profile, KapStone Paper and Packaging Corporation at 8-9, MarketLine, June 30, 2015

⁶ KapStone Paper and Packaging Corporation, Securities and Exchange Commission, Form S-K, December 29, 2006

⁷ KapStone Paper and Packaging Announces Management Changes at 2, PRNewswire, September 21, 2016

⁸ KapStone Paper and Packaging Corporation, Form 10-K for the fiscal year ended December 31, 2016 [KAPSTONE-000002 – 134 at 6-7, and 9]

⁹ WestRock Completes Acquisition of KapStone, WestRock Shared Services, LLC Press Release at 1, November 2, 2018

B. KapStone Kraft

20. As described above, KapStone Kraft was created by Stone Arcade to acquire certain assets and liabilities associated with International Paper's Kraft Papers Business, which was consummated on January 1, 2007 for approximately \$155 million in cash plus certain contingent earn-out payments.¹⁰ The assets included an unbleached kraft manufacturing facility in Roanoke Rapids, North Carolina, Ride Rite Converting, an inflatable dunnage bag manufacturer in Fordyce, Arkansas, and certain trade accounts receivable and inventories.¹¹ The business acquired from International Paper became known as KapStone Kraft, a 100% wholly-owned subsidiary of KapStone Paper.

C. KapStone Charleston

21. On July 1, 2008, KapStone Paper acquired from MeadWestvaco certain assets and liabilities associated with its Charleston Kraft Division for \$485 million.¹² The assets included an unbleached kraft paper manufacturing facility and cogeneration facility in North Charleston, South Carolina, chip mills located in Elgin, Hampton, Andrews and Kinards, South Carolina, and a lumber business located in Summerville, South Carolina. The business acquired from MeadWestvaco became known as KapStone Charleston, a 100% wholly-owned subsidiary of KapStone Kraft and its parent holding company, KapStone Paper.

VIII. SCOPE OF WORK AND APPROACH

A. Objective

22. I was tasked to evaluate the financial, economic and structural relationship between KapStone Paper, KapStone Kraft and KapStone Charleston including the economic substance of the relationship relative to its corporate form, and to evaluate the degree to which the relationship was indicative of entities that operated as part of an integrated business.

23. More specifically, I was asked to evaluate various aspects of the corporate identity, governance and management structures, operations, and accounting and financial management practices of the respective KapStone related entities, and to what extent, if any, the entities were financially and/or economically integrated.

¹⁰ KapStone Paper and Packaging Corporation, Securities and Exchange Commission, Form 8-K at 2, December 29, 2006; *see also* 30 (b) (6) Deposition of KapStone Paper and Packaging Corporation (Mark Niehus), dated January 8, 2019 at 60-61

¹¹ Company Profile of KapStone Paper and Packaging Corporation at 2, Nexis Uni via Plus Media Solutions, September 2, 2016

¹² KapStone Paper and Packaging Corporation, Securities and Exchange Commission, Form 8-K at 3, July 2, 2008

B. Scope of Work

24. The scope of my evaluation included assessment and analysis of various factors relevant to the form and substance of the economic relationship between KapStone Paper, KapStone Kraft and KapStone Charleston including: (1) organizational structure; (2) articles of incorporation and bylaws; (3) corporate identity / trademark / logo; (4) office / facility locations; (5) corporate representations; (6) corporate formalities; (7) business purpose; (8) source of business; (9) corporate governance; (10) executive management; (11) financial reporting; (12) federal income tax returns; (13) hiring and payroll; (14) insurance / banking; (15) employee benefits; (16) shared services (e.g., information technology (“IT”), payroll); (17) contracts and leases; (18) policies and procedures; (19) accounting books and records; and (20) cash management and payments processing, among others.

25. For purposes of my evaluation, I primarily focused on the corporate identity, governance and management structure, financial and federal tax reporting, operations, and accounting and financial management practices, among other areas, during 2016.

C. Assessment of Financial and Economic Integration of KapStone Paper and its Subsidiaries

26. My evaluation focused on addressing the following overarching questions:

- What was the economic substance (i.e., economic reality) of the relationship between KapStone Paper, KapStone Kraft and KapStone Charleston in May 2016?
- Were the parent and subsidiaries operating as an integrated economic entity (e.g., did they integrate efforts to achieve a common business purpose)?

27. The factors I assessed in determining the degree to which the KapStone related entities were financially integrated are summarized below and more fully described throughout this report:

- **Corporate Structure and Reporting** – how were the KapStone related entities structured and how did they report for financial reporting and tax purposes?
- **Business Purpose and Focus** – did the KapStone related entities share a common business purpose and have common business interests and / or activities?
- **Corporate Location and Identity** – did the KapStone related entities share a common external and / or internal corporate identity; did they share facilities and office locations?

- **Corporate Governance and Management** – were the KapStone related entities controlled by the same group of Directors and / or managed by the same Executive Officers?
- **Business Operations** – were the operations of the KapStone related entities separate or intertwined in relation to contract management, the provision of services, and the provision of benefits to their employees, among other areas?
- **Accounting and Financial Management Practices** – did the KapStone related entities conduct business from a financial, accounting and / or operational perspective as a single economic unit (e.g., did they maintain separate books and records)?
- **Policies and Procedures** – were the employees of the KapStone related entities subject to the same set of internal controls and other corporate policies and procedures?

28. In addition, I relied on my over 30 years of qualifications in evaluating financial, economic and accounting characteristics of businesses and their respective parent companies, subsidiaries and special-purpose entities, as well as in evaluating joint ventures and other relationships in relation to forensic accounting and fraud investigations, bankruptcy disputes, complex litigation matters and valuations.

IX. KAPSTONE CORPORATE STRUCTURE AND REPORTING

A. KapStone Paper was created as an Acquisition Vehicle to hold KapStone Kraft

KapStone Paper

29. As described, KapStone Paper was originally incorporated in the State of Delaware on April 15, 2005 as Stone Arcade.¹³ Stone Arcade was formed as a special purpose acquisition corporation “for the purpose of effecting a merger, capital stock exchange, asset acquisition or other similar business combination with an unidentified operating business in the paper, packaging, forest products, and related industries.”^{14, 15}

30. “Special purpose acquisition corporations” are generally created for the purpose of acquiring

¹³ Certificate of Incorporation of Stone Arcade Acquisition Corporation, filed April 15, 2005 [KAPSTONE-000288 – 293]

¹⁴ *Ibid*

¹⁵ KapStone Paper and Packaging Corporation, Form 10-K, for the fiscal year ended December 31, 2016 [KAPSTONE-000002 – 134, at 5]

one or more companies typically in a designated market sector (e.g., paper and forestry products) and most often with funds raised through a public offering of the corporation's securities.¹⁶ They are companies without any revenue or operating history that use investor funds to acquire or merge with another company.¹⁷ As such, Stone Arcade was formed to serve as a vehicle for the acquisition of another business.¹⁸

31. On August 19, 2005, Stone Arcade completed its IPO generating gross proceeds to be used for the acquisition of a yet to be identified business.¹⁹ On June 23, 2006, Stone Arcade and International Paper announced they had signed a definitive agreement for Stone Arcade, "...through its newly-formed wholly-owned subsidiary KapStone Kraft Paper Corporation..." to acquire International Paper's Kraft Papers Business.²⁰ Stone Arcade's acquisition was completed on January 1, 2007, at which time Stone Arcade filed an amendment to its Certificate of Incorporation to change its name from Stone Arcade to KapStone Paper and Packaging Corporation (KapStone Paper), and International Paper's Kraft Papers Business became known as KapStone Kraft.²¹

KapStone Kraft

32. KapStone Kraft was incorporated in the State of Delaware on May 25, 2006 just prior to the announced agreement to purchase International Paper's Kraft Papers Business on June 23, 2006.²² KapStone Kraft became a wholly-owned subsidiary of KapStone Paper. Prior to the referenced acquisition, neither KapStone Kraft nor KapStone Paper had any operations.²³

33. In connection with the acquisition, KapStone Paper obtained a senior secured credit facility with the ability to borrow up to \$95 million that was secured by KapStone Paper's and KapStone Kraft's tangible and intangible assets, as well as a pledge of the capital stock of KapStone Kraft.²⁴

KapStone Charleston

34. KapStone Charleston was initially incorporated as Oak Acquisition LLC ("Oak Acquisition"),

¹⁶ Legal Alert: The SPAC Phenomenon: A Discussion of the Background, Structure and Recent Developments Involving Special Purpose Acquisition Companies at 1, Sutherland Asbill & Brennan LLP, July 17, 2006

¹⁷ 08-54 Guidance on Special Purpose Acquisition Companies at 1, FINRA, Regulatory Notice

¹⁸ Stone Arcade Acquisition Corporation, Form 10-Q/A at Note A, filed for the quarterly period ended September 30, 2005

¹⁹ Stone Arcade Acquisition Corporation, Securities and Exchange Commission, Form S-K at 2, August 19, 2005

²⁰ Stone Arcade Acquisition Corporation, Securities and Exchange Commission, Form S-K at 1, June 23, 2006

²¹ KapStone Paper and Packaging Corporation, Securities and Exchange Commission, Form S-K, December 29, 2006

²² Certificate of Incorporation, State of Delaware, KapStone Kraft Paper Corporation, May 25, 2006 [KAPSTONE-000260 – 263]

²³ KapStone Paper and Packaging Corporation, Securities and Exchange Commission Form 10-K at Note A: Organization and Business Operations, December 31, 2006

²⁴ KapStone Paper and Packaging Corporation, Securities and Exchange Commission Form 10-K at 1, 27, December 31, 2007

a Limited Liability Company in the State of Delaware, on March 26, 2008.²⁵ KapStone Kraft was the sole member of Oak Acquisition, which later changed its name to KapStone Charleston.²⁶ KapStone Charleston was registered in the State of South Carolina on May 14, 2008.²⁷

35. As the sole member of Oak Acquisition, KapStone Kraft had control over Oak Acquisition including "...the right to unilaterally act on behalf of the Company [KapStone Charleston] with or without a meeting..." control over the company's management rights, and the right to dissolve the company at its discretion.²⁸

36. On April 7, 2008, MeadWestvaco issued a press release announcing a definitive agreement to sell its kraft paper mill in North Charleston, South Carolina to KapStone Paper.²⁹ The sale was concluded on July 1, 2008.³⁰ The sale also included a lumber mill in Summerville, South Carolina, chip mills in Elgin, Hampton, Andrews and Kinards, South Carolina, and the mill's on-site cogeneration facility (Cogen South, L.L.C.).³¹

37. KapStone Paper used the proceeds from the issuance of senior secured promissory notes (Senior Notes) and borrowings under its Senior Credit Agreement (dated as of June 12, 2008) to finance the acquisition from MeadWestvaco.³² The Senior Notes and Senior Credit Agreement were guaranteed jointly by KapStone Paper, KapStone Kraft and KapStone Charleston, among other subsidiaries, and jointly secured by substantially all of the assets of KapStone.³³

38. In summary, KapStone Kraft and KapStone Charleston, as well as various other entities, are wholly-owned subsidiaries of KapStone Paper. The chart below is an excerpt from KapStone Paper's

²⁵ State of Delaware, Certificate of Formation, Oak Acquisition LLC, March 26, 2008 [KAPSTONE-000271 – 272]; State of Delaware, Department of State, Division of Corporations – Filings, KapStone Charleston Kraft, LLC, March 26, 2008

²⁶ Limited Liability Company Agreement of Oak Acquisition LLC, March 2008 [KAPSTONE-000340 – 341]; KapStone Paper and Packaging Corporation, Form 8-K at 7, dated July 2, 2008

²⁷ South Carolina Secretary of State, Business Entities Online, KapStone Charleston Kraft, LLC, May 14, 2008; State of South Carolina Secretary of State, Application for a Certificate of Authority by a Foreign Limited Liability Company to Transact Business in South Carolina, May 14, 2008

²⁸ Limited Liability Company Agreement of Oak Acquisition LLC, March 2008 [KAPSTONE-000273 – 287]

²⁹ MeadWestvaco Corporation, Securities and Exchange Commission, Form 8-K at 2, April 7, 2008

³⁰ KapStone Paper and Packaging Corporation, Securities and Exchange Commission, Form 8-K at 1, July 2, 2008

³¹ MWV Agrees to Sell South Carolina Kraft Paper Mill to KapStone Paper and Packaging for \$485 Million, MeadWestvaco Press Release, April 7, 2008

³² KapStone Paper and Packaging Corporation, Securities and Exchange Commission, Form 8-K at 2, July 2, 2008

³³ *Ibid*

Form 10-K Annual Report filed with the SEC for their fiscal year-ended December 31, 2015 listing KapStone Paper's wholly-owned subsidiaries.³⁴

KAPSTONE PAPER AND PACKAGING CORPORATION SUBSIDIARIES OF THE COMPANY			Exhibit 21.1
Consolidated Subsidiaries	Organized Under Laws of	Percentage Ownership	
KapStone Kraft Paper Corporation	Delaware	100%	
KapStone Charleston Kraft, LLC	Delaware	100%	
KapStone Container Corporation	Georgia	100%	
Longview Fibre Paper and Packaging, Inc	Washington	100%	
KapStone Receivable, LLC	Delaware	100%	
Victory Packaging L.P.	Texas	100%	
Victory Packaging Maquila Dora LLC	Texas	100%	
Victory Packaging de Mexico, S. de R.L. de C.V.	Mexico	100%	
Comercializadora Victory, S. de R.L. de C.V.	Mexico	100%	
KapStone Europe SPRL	Belgium	100%	
KapStone Asia Limited	Hong Kong	100%	

B. KapStone Kraft and KapStone Charleston are Wholly-Owned Subsidiaries of KapStone Paper

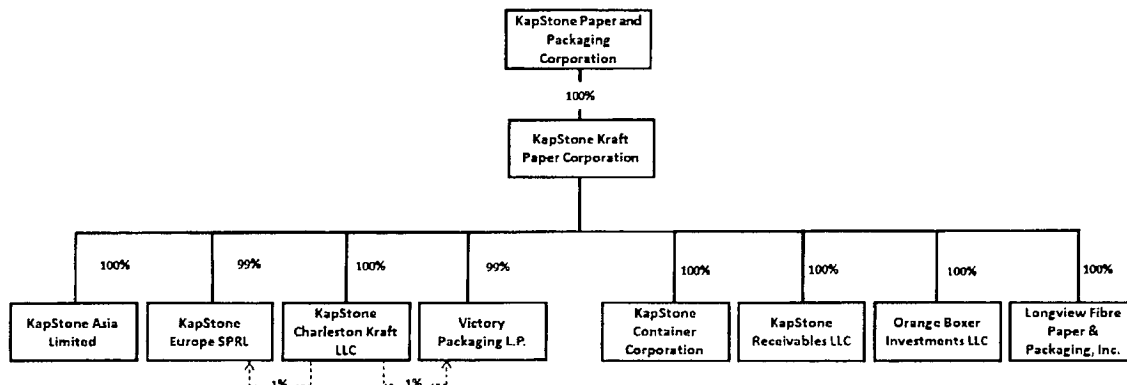
39. As described above, KapStone Kraft and KapStone Charleston are 100% wholly-owned subsidiaries of KapStone Paper. In general, a subsidiary is a business entity or corporation that is fully owned and controlled (or partially controlled) by another company (i.e., a parent company or holding company).³⁵ When one company acquires more than 50% of the voting control of another company (and thereby obtaining control of its operations), the acquired company becomes a subsidiary of the acquiring company.

40. More specifically, KapStone Charleston is wholly-owned (100%) by KapStone Kraft, which in turn is wholly-owned (100%) by KapStone Paper, and both are principally governed and under managerial control by KapStone Paper.³⁶ The organizational structure of KapStone Paper and its various subsidiaries is summarized in the chart below and provided in more detail in [Exhibit 2](#).

³⁴ KapStone Paper and Packaging Corporation, Form 10-K at Exhibit 21.1 ("KapStone Paper and Packaging Corporation Subsidiaries of the Company"), for the fiscal year ended December 31, 2015

³⁵ Accounting Standard (AS) 21, Consolidated Financial Statements, Definitions

³⁶ KapStone Paper and Packaging Organization Chart, dated September 30, 2016 [KAPSTONE-000001]



41. In my experience, there are various reasons why companies form and maintain subsidiaries including the desire to maintain separate legal entities, capitalize on potential tax benefits, maintain existing contracts or relationships, increase operational efficiency, establish or maintain separate management, corporate identity or brand awareness, provide for easier financing and / or for an easier dissolution or sale of a business unit, among others.

42. In relation to KapStone Kraft and KapStone Charleston however, both companies were incorporated by KapStone Paper and then used to acquire the assets of other businesses (i.e., International Paper and MeadWestvaco’s kraft papers businesses, respectively). As such, both KapStone Kraft and KapStone Charleston are wholly-owned (100%) subsidiaries of KapStone Paper and controlled by KapStone Paper.³⁷ As described further below, many of the general reasons for maintaining a subsidiary do not apply to KapStone as it has treated KapStone Kraft and KapStone Charleston as operating divisions (i.e., the Mill Division).

C. KapStone Paper, KapStone Kraft and KapStone Charleston Reported Consolidated Financial Statements

43. Financial reporting is one of the fundamental concepts underlying the role of financial accounting in our society, which is to “provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit, and similar decisions.”³⁸ Financial statements are a primary means through which management reports the financial activities of a

³⁷ Control also exists when the parent “controls the composition of the board of directors” of a subsidiary or has the power to “remove all or a majority of directors” of that subsidiary. Accounting Standard (AS) 21, Consolidated Financial Statements, Scope of Consolidated Financial Statements, Section 9 and 10

³⁸ Accountants’ Handbook, Eleventh Edition, Volume One: Financial Accounting and General Topics, Subsection 1.3(a)(v) – The Conceptual Framework

business or enterprise, as well as a fundamental requirement of publicly-traded companies operating pursuant to the rules and regulations of the SEC.

44. During the relevant period, KapStone Paper provided its Annual Report and financial statements on a consolidated basis with its subsidiaries including KapStone Kraft and KapStone Charleston.³⁹ “Consolidated financial statements are the financial statements of a group presented as those of a single enterprise.”⁴⁰ In other words, KapStone Paper did not prepare and present financial statements and reports for each of its wholly-owned subsidiaries but, instead, presented financial statements for the entire company (i.e., on a consolidated basis).

“It is customary to consider a commonly-owned group of business entities to be a single entity for the purposes of creating consolidated financial statements for the group, so the principle could be considered to apply to the entire group as though it were a single unit.”⁴¹

45. Whether companies report financial statements of a parent holding company and its subsidiary companies on a consolidated basis or not is influenced by one of the basic assumptions that underlie the financial accounting structure used by businesses, which is the “economic entity assumption.” The “economic entity assumption” assumes that “economic activity can be identified with a particular unit of accountability.”⁴² More specifically, it assumes that the economic activity of an entity “can be kept separate and distinct” from the activity of its business owners or other business units.⁴³ As such, while a parent and its subsidiaries may be separate legal entities, activities can be merged together into one economic entity for accounting and financial reporting purposes.⁴⁴

46. In general, consolidated financial statements are presented by a parent company (also known as a holding company) to provide financial information about the activities of the group (i.e., the economic entity). Consolidated financial statements are “...intended to present information about a parent and its subsidiary(ies) as a single economic entity to show the economic resources controlled by the group, the obligations of the group, and results the group achieves with its resources.”⁴⁵

“The prime purpose of consolidation is to present as one economic entity the financial position and

³⁹ KapStone Paper and Packaging Corporation, Form 10-K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 2016 [KAPSTONE-000002 – 134 at 61 and 122]

⁴⁰ Accounting Standard (AS) 21, Consolidated Financial Statements, Definitions

⁴¹ The Economic Entity Principle, Accounting Tools, July 17, 2017

⁴² Kieso and Weygandt, Intermediate Accounting, Sixth Edition, Chapter 2 | Conceptual Framework Underlying Financial Accounting, p. 33, John Wiley & Sons, 1989

⁴³ *Ibid*

⁴⁴ *Ibid*

⁴⁵ Accounting Standard (AS) 21, Consolidated Financial Statements, Objective

operating results of a parent and subsidiaries. It shows the group as a single company (with one or more branches or divisions) rather than separate companies. It is an example of theoretical substance over legal form. The Companies constituting the consolidated group keep their individual legal identity.”⁴⁶

D. KapStone Paper, KapStone Kraft and KapStone Charleston Filed a Consolidated U.S. Corporation Income Tax Return

47. Similar to its financial reporting with the SEC, KapStone Paper, KapStone Kraft and KapStone Charleston filed their U.S. Corporation Income Tax Return (Form 1120) during the relevant period on a consolidated basis (under the name of the holding company, KapStone Paper).⁴⁷ For tax purposes, the parent company must own at least 80% of the voting stock and value in a subsidiary in order to be able to file a consolidated tax return. As previously described, KapStone Paper owned 100% of the voting stock of KapStone Kraft and KapStone Kraft is the sole or single member (i.e., owner) of KapStone Charleston.

48. For federal income tax purposes, Limited Liability Companies (LLCs) are treated “either as a corporation, partnership, or as part of the owner’s tax return (a “disregarded entity”).”⁴⁸ However, “[i]f the single-member LLC is owned by a corporation (as in the case of KapStone Charleston), the IRS requires the LLC to “be reflected on its owner’s federal tax return as a division of the corporation.”⁴⁹ In other words, a single-member LLC is effectively “disregarded” as an entity separate from its owner, in this case KapStone Kraft and KapStone Paper.

X. KAPSTONE BUSINESS PURPOSE AND FOCUS

A. KapStone Paper, KapStone Kraft and KapStone Charleston Performed the Same Business Activity

49. The KapStone related entities performed the same principal business activity. While KapStone Paper served as a holding company, KapStone Kraft and KapStone Charleston were both described with the same principal business activity (i.e., Paper Manufacturing – Pulp, Paper and Paperboard Mills) in their reporting to the IRS.^{50,51}

⁴⁶ The Vest-Pocket CFO, Chapter 7, Key Financial Accounting Areas, p. 125, Jae K. Shim and Joel G. Siegel, Prentice Hall, 1992

⁴⁷ U.S. Corporation Income Tax Returns, for the tax year ended December 31, 2016, Form 8453-C [KAPSTONE-000338]; U.S. Corporation Income Tax Returns, for the tax year ended December 31, 2016, Form 1120 [KAPSTONE-001642 – 1888]

⁴⁸ Single Member Limited Liability Companies, Internal Revenue Service, www.irs.gov

⁴⁹ *Ibid*

⁵⁰ U.S. Corporation Income Tax Return, for the tax year ended December 31, 2016, Form 1120, Form 851, Affiliations Schedule, Part II – Principal Business Activity, Voting Stock Information, Etc. [KAPSTONE-001642 – 1888 at 1662]

⁵¹ This list of Principal Business Activities and codes is designed to classify an enterprise by the type of activity in which it is engaged. The codes are based on the North American Industry Classification System (NAICS).

50. KapStone Kraft and KapStone Charleston, as well as KapStone Paper's wholly-owned Longview subsidiary, were viewed and described by the company as part of the same division (i.e., the Mill Division), which included KapStone Kraft's paper mill in Roanoke Rapids, North Carolina, KapStone Charleston's paper mill in Charleston, South Carolina, and Longview's paper mill in Longview, Washington.⁵² They also shared a common President during the relevant period, Mr. Randy Nebel.⁵³ The KapStone related entities also were described jointly in relation to their shared corporate goals.⁵⁴

51. KapStone Paper served primarily as a parent holding company and did not manufacture or sell products itself but provided support and oversight to the operations of KapStone Kraft and KapStone Charleston, as well as support and oversight to the operations of its other subsidiaries.⁵⁵

B. KapStone Kraft and KapStone Charleston were not identified as Distinct Businesses from KapStone Paper in its Financial Reporting

52. In 2016, KapStone Paper reported its operating results by two segments: (1) Paper and Packaging; and (2) Distribution.⁵⁶ KapStone's 10-K described the Paper and Packaging segment by saying that it "...manufactures and sells a wide variety of containerboard, corrugated products and specialty paper for industrial and consumer markets," which also was the general description often provided for KapStone Kraft and KapStone Charleston. In the same 10-K, the Distribution segment, through KapStone's Victory subsidiary, was described as "...a North American distributor of packaging materials, with more than 60 distribution centers located in the United States, Mexico and Canada, provid[ing] packaging materials and related products to a wide variety of customers."

53. Prior to the acquisition of Victory on June 1, 2015, KapStone reported the company's consolidated results as one segment (i.e., "Paper and Packaging"). Upon the acquisition of Victory,

⁵² KapStone Paper & Packaging Corp Form 8-K filed December 8, 2015, Exhibit 99.1 at 5; KapStone Paper & Packaging Corp Form 8-K filed August 9, 2016, Exhibit 99.1 at 5; 30 (b) (6) Deposition of KapStone Paper and Packaging Corporation (Mark Niehus), January 8, 2019 at 57, 19:24

⁵³ See e.g., KapStone Paper & Packaging Corp Form 8-K filed March 15, 2013, Exhibit 99.1 at 10 and 20-25; Appendix; KapStone Paper & Packaging Corp Form 8-K filed December 8, 2015, Exhibit 99.1 at 5; and KapStone Paper & Packaging Corp Form DEF 14A filed March 28, 2016 at 22-23

⁵⁴ See, e.g., 2015 KapStone Paper Sustainability Report; About KapStone, setting forth shared principles associated with safety, communication, incentive programs, promotional opportunities, among others; Message from Our President; and 2014 KapStone Paper Sustainability Report

⁵⁵ See e.g., 30 (b) (6) Deposition of KapStone Paper and Packaging Corporation (Mark Niehus), January 8, 2019 at 64, 9:11, addressing an integrated accounting system, at 84, 6:8, addressing KapStone Paper's responsibility of processing cash payments of the KapStone related entities.

⁵⁶ KapStone Paper and Packaging Corporation, Securities and Exchange Commission, Form 10-K, for the fiscal year ended December 31, 2016 [KAPSTONE-000002 - 134 at 6]

KapStone began reporting its consolidated results in two segments (i.e., Paper and Packaging and Distribution) because it deemed these segments to each "... represent distinct businesses that are managed separately because of differing products and services" and requiring "... distinct operating and marketing strategies."⁵⁷ In other words, prior to the acquisition of Victory, KapStone did not view KapStone Paper, KapStone Kraft and KapStone Charleston as representing "distinct businesses" that needed to be "managed separately" or that required "distinct operating and marketing strategies."

54. Although the KapStone related entities maintained separate financial statements for internal use (i.e., for managerial and financial accountability purposes), with regard to external financial reporting the KapStone related entities were presented as an economic unit.⁵⁸ In the year preceding May 2016, KapStone presented itself as an economic unit in quarterly Form 8-K filings distinguishing only, at times, between certain product lines (e.g., containerboard, Kraft Paper), certain divisions (e.g., Mill Division, Container Division) or in relation to product segments (i.e., Paper and Packaging and Distribution).⁵⁹ The specific subsidiaries (i.e., KapStone Kraft and KapStone Charleston) were rarely referenced.⁶⁰ KapStone also made similar presentations to investors and / or at conferences during this period.⁶¹

XI. KAPSTONE CORPORATE LOCATIONS AND IDENTITY

A. The KapStone Related Entities Shared the Same Corporate Facilities

55. As a large corporation conducting business across the United States, Canada and Mexico, KapStone had many locations and offices, but shared a common corporate headquarters located at 1101 Skokie Blvd., Suite 300, Northbrook, Illinois, 60062.⁶² While KapStone owned or leased a series of

⁵⁷ KapStone Paper and Packaging Corporation, Securities and Exchange Commission, Form 10-K, Notes to Consolidated Financial Statements, Note 16, Segment Information, F-46, for the fiscal year ended December 31, 2015.

⁵⁸ See also 30 (b) (6) Deposition of KapStone Paper and Packaging Corporation (Mark Niehus) dated January 8, 2019 at 7-8.

⁵⁹ KapStone Paper and Packaging Corp Form 8-Ks, filed on the following dates: May 4, 2015, July 29, 2015, October 28, 2015, February 9, 2016, April 27, 2016, July 27, 2016 and August 15, 2016 (see Exhibits 99.2).

⁶⁰ "Internally we really look at our entire - what we call our mill system as being one. So we look more - we look at it more horizontally than vertically..." 30 (b) (6) Deposition of KapStone Paper and Packaging Corporation (Mark Niehus) dated January 8, 2019 at 64.

⁶¹ KapStone Paper and Packaging Corporation Form 8-Ks, filed on the following dates: June 4, 2015, September 1, 2015, December 8, 2015, and August 15, 2016 (see Exhibits 99.1); KapStone Paper & Packaging (KS) Quarterly Results - Earnings Call Transcripts, Seeking Alpha, for each quarter of FY2015-2016.

⁶² KapStone Paper and Packaging Corporate, Securities and Exchange Commission, Form 10-K, for the fiscal year ended December 31, 2016 [KAPSTONE-000002 - 134, at 2]; Receivables Sale Agreement by and among KapStone Kraft Paper Corporation, KapStone, Container Corporation, Longview Fibre Paper and Packaging, Inc., and KapStone Charleston, Kraft LLC, as the Originators, KapStone Paper and Packaging Corporation, as the Servicer, and KapStone Receivables, LLC, as the Buyer, Exhibit 2, dated September 26, 2014 [KAPSTONE-002405 - 2451 at 2442].

common facilities used by KapStone Paper and / or one or more of its subsidiaries, the KapStone related entities were jointly headquartered at the same facility in Northbrook, Illinois.⁶³

56. KapStone Paper, KapStone Kraft and KapStone Charleston had significant overlap insomuch that managers and employees of one entity shared and provided services to the other entities. In May 2016, KapStone was operating four paper mills including the KapStone Charleston facility located in North Charleston, South Carolina.⁶⁴ Approximately fifty-six (56) KapStone employees working at the KapStone Charleston location were actually working for, and reporting to, KapStone Paper (i.e., Corporate) and KapStone Kraft (i.e., Mill Headquarters).^{65,66} See Exhibit 3 for a listing of personnel located at the KapStone Charleston mill that reported to KapStone Paper (Corporate Northbrook) or the Mill Headquarters (KapStone Kraft).

57. Approximately thirteen (13) individuals working for, and reporting to, KapStone Paper were listed as being located at the KapStone Kraft Roanoke Rapids, North Carolina location. See Exhibit 4 for a listing of individuals working at KapStone Kraft (Roanoke Rapids) that were reporting to KapStone Paper (Corporate Northbrook) or Mill Headquarters.

58. Another example of the interrelationship between the entities is that although Messrs. Lucas and Simerly worked at the KapStone Charleston mill, they received both their ADP Earning Statements and 2016 W-2 and Earnings Summary from KapStone with the registered address of the corporate headquarters (i.e., 1101 Skokie Blvd., Suite 300, Northbrook, Illinois, 60062).⁶⁷

B. The KapStone Related Entities Shared the Same Corporate Name and Brand

59. For purposes of this report, I reviewed a series of documents related to the Company's structure, policies and procedures, history, business functions, and market scope, as well as the use of the corporate name, brand and trademark.

⁶³ KapStone Paper and Packaging Corporation U.S. Corporation Tax Return, Form 851 Affiliations Schedule, for the tax year ending December 31, 2015 [KAPSTONE-002511 – 2513 at 2511]

⁶⁴ www.kapstonepaper.com, The Internet Archive Wayback Machine (www.web.archive.org), April 20, 2016

⁶⁵ List of KapStone Kraft and KapStone Paper employees located at Charleston [KAPSTONE-001188 – 1189]; Mark Niehus noted that at the present time, "...there is about 160 employees at KapStone Paper and Packaging... about half work in North Brook [Illinois] and the other half work in other locations. Deposition of Mark Niehus, January 8, 2019, at 88, 7:13

⁶⁶ KapStone Active Employee Job List as of May 24, 2016 [KAPSTONE-002596 – 2650]

⁶⁷ ADP Earnings Statements, Jacque L. Lucas [KAPSTONE – 000708 – 711] and Daniel J. Simerly [KAPSTONE-000752 – 755]; 2016 W-2 and Earnings Summary, Jacque L. Lucas [KAPSTONE-000718 – 719] and Daniel J. Simerly [KAPSTONE-000756 – 757]

60. The “KAPSTONE” name, logo and other trademarks were used by KapStone Paper, KapStone Kraft and KapStone Charleston to denote a common



identity, including through the use of a common internet site (www.kapstonepaper.com).⁶⁸ KapStone Paper, KapStone Kraft and KapStone Charleston represented themselves as “KapStone” both in name and via two separate trademarked images in their daily business transactions.⁶⁹ The images were used in connection with corporate letterhead, internal policies and forms, invoices, and contracts and agreements, among others.⁷⁰

61. The images were routinely used in establishing the internal corporate brand of KapStone with its employees including in relation to employment applications, the employee handbook, employee benefit documents, corporate policies and procedures, and other internal documents used with employees.⁷¹ For example, in the offer letter to Mr. Simerly, KapStone did not make a distinction between KapStone Paper and KapStone Charleston (i.e., “on behalf of KapStone Paper and Packaging Corporation, I am delighted to extend an offer of employment to you...”)⁷²

XII. KAPSTONE CORPORATE GOVERNANCE AND MANAGEMENT

A. The KapStone Related Entities were Governed by an Overlapping Board of Directors

62. During the relevant period, the KapStone related entities were governed by an overlapping Board of Directors that governed KapStone Paper and its wholly-owned subsidiaries KapStone Kraft and

⁶⁸ KapStone Paper and Packaging Corporation Trademarks, Justia Trademarks

⁶⁹ KapStone Paper and Packaging Corporation Trademark Acknowledgement, dated February 1, 2016

⁷⁰ See e.g., Representative Copy of Corporate Letterhead for KapStone Paper and Packaging Corporation [KAPSTONE-000342]; KapStone Organizational Chart [KAPSTONE-000001]; KapStone Contract for Services with Thompson Industrial Services, LLC [KAPSTONE-002140 – 2159 at 2140]; 2015 Labor Agreement By and Between The International Association of Machinists and Aerospace Workers and its Charleston Local Lodge No. 183 [KAPSTONE-000819 – 996 at 821]

⁷¹ See e.g., KapStone offer letter to Jacques Lucas, February 4, 2010 [KAPSTONE-000344]; KapStone offer letter to Daniel J. Simerly, August 31, 2012 [KAPSTONE-000345 – 346 at 345]; KapStone Job Description for Charleston location [KAPSTONE-000376 – 383]; KapStone Paper and Packaging Corporation Employee Handbook, January 27, 2017 [KAPSTONE-000216 – 259 at 216 and KAPSTONE-000414 – 427 at 414]; KapStone Environmental Policy [KAPSTONE-002103]; KapStone IT Policies [KAPSTONE-001997 – 2081]; KapStone Paper and Packaging Corporation Defined Benefit Retirement Plan, Charleston Bargained Employees, January 1, 2015 [KAPSTONE-001117 – 1143 at 1117]; KapStone Paper and Packaging 401(K) Plan, Summary Plan Description, Charleston Union, January 1, 2015 [KAPSTONE-001144 – 1174 at 1144]; Example of Payments of Accounts Receivable by KapStone Paper on behalf of KapStone Charleston [KAPSTONE-000349 – 354]

⁷² See e.g., Excerpts from Employer File Materials, KapStone Application for Employment form (Daniel Simerly), August 30, 2012 [KAPSTONE-000439 – 578 at 449 – 460]; KapStone Hourly Payroll Change Notice (D. Simerly), April 20, 2015 [KAPSTONE-000469 – 471]; KapStone offer letter to Daniel J. Simerly, August 31, 2012 [KAPSTONE-000345 – 346]; KapStone Personal Data Change Form (Jacque Lucas), January 2, 2012 [KAPSTONE-000684]; KapStone Travel and Entertainment Reports, from the period from May 26, 2016 through June 17, 2016 [KAPSTONE-000712 – 715]

KapStone Charleston.⁷³ The common governance was further evidenced by a set of corporate internal controls and policies and procedures, which are described further below.⁷⁴

63. While KapStone Charleston was organized as an LLC, it was governed and managed by its single member, KapStone Kraft.⁷⁵ KapStone Kraft, on the other hand, was organized as a corporation with two Directors: Roger W. Stone and Matthew Kaplan, who were Chairman of the Board and Chief Executive Officer, and President and Chief Operating Officer of KapStone Paper, respectively. In other words, KapStone Charleston was solely governed and managed by KapStone Kraft who, in turn, was governed and managed by two Directors who were a subset of KapStone Paper's larger Board of Directors; and who essentially were governed and managed by KapStone Paper. This structure is common in parent / holding company and subsidiary relationships.

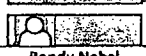
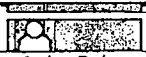
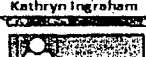
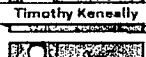
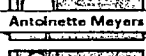
64. In addition to an overlapping Board of Directors, the business of the KapStone related entities was conducted by a common group of Executive Officers during the relevant period. Certain Executive Officers had responsibilities for KapStone Paper and the consolidated KapStone related entities as a whole (i.e., Roger W. Stone, Matthew Kaplan, Andrea K. Tarbox, Michael J. Murphy, Kathryn D. Ingraham and Mark Niehus), while other officers also had primary responsibility for certain divisions of the consolidated operations (e.g., Randy Nebel, Vice President and General Manager and President of the Mill Division, and Timothy P. Keneally, Vice President & General Manager and President of the Container Division). KapStone's Executive Officers in and around May 2016 are further summarized in the chart below:

⁷³ KapStone Entity Directors and Officers as of February 23, 2016 [KAPSTONE-001184 – 1187] and as of February 14, 2017 [KAPSTONE-000266 – 270]

⁷⁴ See e.g., KapStone Paper and Packaging Corporation Employee Handbook, January 27, 2017 [KAPSTONE-000216 - 259, KAPSTONE-000414 – 427]; KapStone Environmental Policy [KAPSTONE-002103]; KapStone IT Policies [KAPSTONE-001997 – 2081]; KapStone Paper and Packaging Corporation Defined Benefit Retirement Plan, Charleston Bargained Employees, January 1, 2015 [KAPSTONE-001117 – 1143]

⁷⁵ Limited Liability Agreement of Oak Acquisition LLC, March 2008 [KAPSTONE-000273 – 287 at 276]

KapStone Executive Officers (A)(b)(c)

COMPANY			
  			
EXECUTIVE POSITION (as of December 31, 2015)		OFFICERS (as of February 23, 2016)	
 Roger Stone	Chairman and Chief Executive Officer	Chairman and Chief Executive Officer	Chairman and Chief Executive Officer
 Matthew Kaplan	President and Chief Operating Officer	Executive Chairman and Chief Operating Officer	Chief Operating Officer
 Randy Nebel	Vice President and General Manager and President of the Mill Division	President of the Mill Division (through KapStone Paper)	President of the Mill Division (through KapStone Paper)
 Andrea Tarbox	Vice President and Chief Financial Officer	Vice President and Chief Financial Officer (through KapStone Paper)	Vice President and Chief Financial Officer (through KapStone Paper)
 Kathryn Ingraham	Vice President, Secretary, and General Counsel	Secretary (and General Counsel through KapStone Paper)	Secretary (and General Counsel through KapStone Paper)
 Timothy Keneally	Vice President and General Manager and President of the Container Division	-	-
 Antoinette Meyers	Vice President – Containerboard and Kraft Paper Sales and Marketing	-	-
 Mark Niehus	Vice President and Corporate Controller	Corporate Controller (through KapStone Paper)	Corporate Controller (through KapStone Paper)

Sources:

- ⁽¹⁾ KapStone Paper and Packaging Corporation, Form DEF 14A, Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934, at pgs. 22-23 (setting forth Executive Officer positions as of December 31, 2015), filed March 28, 2016.
⁽²⁾ KapStone Entity Directors and Officers as of February 23, 2016 [KAPSTONE-001184 – 1187].
⁽³⁾ KapStone Paper and Packaging Corporation, Form DEF 14A, Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934, at pgs. 23-24 (setting forth Executive Officer positions as of December 31, 2016), filed April 3, 2017.

65. While the corporate structure of KapStone Kraft and KapStone Charleston were different – one was a corporation and one was an LLC – both were ultimately governed by KapStone Paper’s overlapping Board of Directors and managed by the same group of Named Executive Officers designated by the Board.⁷⁶

XIII. KAPSTONE BUSINESS OPERATIONS

66. The management and operations of the KapStone related entities were integrated, including in their dealings with various contractual matters, financing of acquisitions and operations, insurance, financial interactions among the entities, and the provision of other corporate services (e.g., IT, human resources, etc.).

⁷⁶ KapStone Paper & Packaging Corp Form DEF 14A filed March 28, 2016 (at 22-23) and May 16, 2017 (at 23-24)

*"KapStone uses a company-wide management approach to continuously monitor all internal and external aspects of the business."*⁷⁷

67. While KapStone Paper did not manufacture and sell paper products, it provided a range of shared services and oversight from the corporate headquarters including management and oversight of the overall company through the CEO and CFO. The financial and accounting operations of the company (i.e., Corporate Controller, Accounts Payable, Credit and Collection, Payroll), the legal affairs of the company, the Information Technology (IT) operations, and Human Resources, and the Internal Audit function were managed through the corporate headquarters by KapStone Paper.⁷⁸ In addition, KapStone Paper was responsible for procuring and sponsoring employee benefit plans, insurance and payroll services, and providing an integrated purchase order, accounting and cash management system, among other services.⁷⁹ See Exhibit 5 for a listing of employees and departments providing shared services through the KapStone Corporate Headquarters.

A. The KapStone Related Entities were Under the Same Workers Compensation Plan

68. Sentry Casualty Company provided Workers Compensation and Employers Liability Insurance to KapStone Paper and through KapStone Paper to KapStone Kraft and KapStone Charleston during the relevant period.⁸⁰ While KapStone Paper was the first named insured under Policy Number 90-16567-04, both KapStone Kraft and KapStone Charleston were named insureds and received insurance coverage through the same policy.

69. The Workers' Compensation and Liability Insurance policy premium was billed to, and paid by, KapStone Paper on behalf of itself and its subsidiaries.⁸¹ The claims filed by Messrs. Lucas and Simerly were under the same policy (i.e., Policy Number 90-16567-04).⁸²

⁷⁷ KapStone 2014 Sustainability Report, p. 42

⁷⁸ KapStone Active Employee Job List as of May 24, 2016 [KAPSTONE-002596 – 2650]

⁷⁹ 30 (b) (6) Deposition of KapStone Paper and Packaging Corporation (Mark Niehus), January 8, 2019 at 64, 9:11, addressing an integrated accounting system, at 84, 6:8, addressing KapStone Paper's responsibility of processing cash payments of the KapStone related entities.

⁸⁰ KapStone Paper & Packaging Corporation, Confirmation of Coverage, Prepared by Sentry Insurance, Policy No. 90-16567-04, Workers' Compensation Deductible, effective July 1, 2015 – July 1, 2016 [KAPSTONE-000320 – 321]; KapStone Paper and Packaging Corporation Workers Compensation and Employers Liability Insurance Policy Information Page, effective July 1, 2015 – July 1, 2016, dated July 9, 2015 [KAPSTONE-000322 – 327]; See also 30 (b) (6) Deposition of KapStone Paper and Packaging Corporation (Mark Niehus) dated January 8, 2019 at 20

⁸¹ Premium Billing, from Sentry National Accounts to KapStone Paper and Packaging Corporation, Account Name: KapStone Paper and Packaging, Account No. 90-16567 KAP, for Policy Term July 1, 2015 through July 1, 2016 [KAPSTONE-000328]

⁸² Sentry, Coverable Deductible Losses Billed thru August 31, 2017 for KapStone Paper and Packaging, Policy Number 9016567-04, for Claimants Jacque Lucas and Daniel Simerly, Loss Date: May 24, 2016 [KAPSTONE-000333 – 334]

B. The KapStone Related Entities had the Same Group Health and Welfare Plan

70. KapStone Kraft and KapStone Charleston were both covered by the “KapStone Paper and Packaging Corporation Group Health and Welfare Plan”, which was sponsored and self-funded, in part, by KapStone Paper.

“This booklet provides a summary description of the health and welfare benefits available to you under the KapStone Paper and Packaging Corporation Group Health and Welfare Plan, or Plans, as an eligible employee of KapStone Paper and Packaging Corporation, the “Company”...”⁸³

71. The various health and welfare benefit programs offered to employees of KapStone (i.e., KapStone Paper, KapStone Kraft, KapStone Charleston and Longview) through KapStone Paper sponsored plans and plan administration during the relevant period are summarized below:^{84,85}

PLAN SPONSOR	
The benefit plans described in this booklet are sponsored by: KapStone Paper and Packaging Corporation, 1101 Skokie Boulevard, Suite 300, Northbrook, IL 60062. EIN:20-2699372.	
ADMINISTRATIVE INFORMATION	
Plan Name	KapStone Paper & Packaging Corporation Group Health and Welfare Plan
Employer Identification Number (EIN)	20-2699372
Plan Number	501
Type of Plan	Welfare Plans
Plan Year	January 1 – December 31
Plan Administrator	KapStone Paper and Packaging Corporation
Medical Plan Administration	Self-Funded by KapStone Paper and Packaging Corporation
Health Savings Account Administration	Funded by KapStone Paper and Packaging Corporation and Employee Pre-Tax Contributions
Dental Administration	Self-Funded by KapStone Paper and Packaging Corporation
Vision Administration	Self-Funded by KapStone Paper and Packaging Corporation
Wellness Program Administration	Self-Funded by KapStone Paper and Packaging Corporation
Flexible Spending Accounts / Transportation Spending Accounts Administration	Accounts Funded By Employee Pre-Tax Contributions
EAP Administration	Self-Funded by KapStone Paper and Packaging Corporation
Critical Illness Administration	Self-Funded by KapStone Paper and Packaging Corporation
Legal Administration	Self-Funded by KapStone Paper and Packaging Corporation
Life & AD&D Administration	Self-Funded by KapStone Paper and Packaging Corporation
Salary Continuation / Short Term Disability Administration	Self-Funded by KapStone Paper and Packaging Corporation

72. Employees of the KapStone related entities were eligible to participate in the “KapStone Paper and Packaging Corporation 401(K) Plan,” the “KapStone Paper and Packaging Corporation Deferred Compensation” plan, and the “KapStone Paper and Packaging Corporation Defined Benefit Retirement

⁸³ KapStone Paper and Packaging Corporation Group Health and Welfare Plan, Effective January 1, 2015 (Plan No. 501) [KAPSTONE-000384 – 402 at 400-401], Summary Plan Description, KapStone Paper and Packaging Corporation, Group Health & Welfare Plan for Charleston Union Employees, effective January 1, 2016 [KAPSTONE-000997 – 1116 at 998]

⁸⁴ KapStone Paper and Packaging Corporation, Group Health & Welfare Plan, effective January 1, 2015 [KAPSTONE-000384 – 000406 at 400 and 404]; KapStone Paper and Packaging Corporation, Group Health & Welfare Plan for Charleston Union Employees, effective January 1, 2016 [KAPSTONE-000997 – 1116 at 1100]

⁸⁵ Victory is not included in the above described plans. It is my understanding that Victory continued to maintain its existing health and welfare benefit plans subsequent to its acquisition by KapStone.

Plan,” which were sponsored by KapStone Paper.^{86,87}

C. The Labor Agreement between KapStone Charleston and its Union was Originated by KapStone Kraft and Executed by Someone Reporting to Mill Headquarters

73. The 2015 Labor Agreement between The International Association of Machinists and Aerospace Workers and KapStone Charleston in relation to the Charleston mill was signed (i.e., executed) by a Senior Manager in the Human Resources department of KapStone Paper (i.e., Gary Parafinczuk), who appears to have been located at the Longview Mill but reported to Mill Headquarters at KapStone Kraft.^{88,89}

D. The KapStone Related Entities Operated Under Some of the Same Contracts and Master Services Agreements

74. Certain agreements relevant to the operations of KapStone Charleston were originated and executed by KapStone Kraft on behalf of itself and other KapStone related entities, including agreements with other named Defendants in this matter (i.e., Safway Group Holdings, LLC, Easy Way Insulation Co., Inc. and Thompson Industrial Services, LLC).⁹⁰ The following examples include instances where a KapStone employee executed an agreement for the benefit of KapStone Kraft and its affiliates (“KapStone”) where the third-party supplier also was providing services to the mill operations at KapStone Charleston:

- *Contract Amendment by and between KapStone Kraft Paper Corporation on behalf of itself and its affiliates (“KapStone”) and Thompson Industrial Services, LLC (“Contractor”) dated September 19, 2014 – signed by Bruce Hoffman, VP – Mill Operations Services*
- *Master Services Agreement by and between KapStone Kraft Paper Corporation on behalf of itself and its Affiliates (“KapStone”) and Safway Services LLC (“Contractor”) dated February 19, 2016 –*

⁸⁶ KapStone Paper and Packaging Corporation 401(K) Plan [KAPSTONE-000403 – 406 at 404]; KapStone Paper and Packaging Corporation Defined Benefit Retirement Plan, Charleston Bargained Employees, January 1, 2015 [KAPSTONE-001117 – 1143]

⁸⁷ Certain of the KapStone Paper sponsored plans were tailored for union employees of KapStone Charleston who were represented for collective bargaining purposes by applicable unions. [See e.g., KAPSTONE-001117 – 1143 at 1120]

⁸⁸ 2015 Labor Agreement By and Between The International Association of Machinists and Aerospace Workers, and its Charleston Local Lodge No. 183, and KapStone Charleston Kraft LLC, effective June 29, 2015 [KAPSTONE-00819 – 996 at 928], Gary Parafinczuk, Senior Director Human Resources at KapStone Paper and Packaging Corporation, LinkedIn, Debbie Lightfoot, SPHR, Director Human Resources, KapStone Paper and Packaging Corporation, LinkedIn; see also 30 (b) (6) Deposition of KapStone Paper and Packaging Corporation (Mark Niehus) dated January 8, 2019 at 98

⁸⁹ KapStone Active Employee Job List as of May 24, 2016 [KAPSTONE-002596 – 2650]

⁹⁰ KapStone Contract for Services between KapStone Kraft Paper Corporation and Thompson Industrial Services, LLC, effective January 1, 2014 through December 31, 2014 [KAPSTONE-002140 – 2175]; Master Services Agreement between KapStone Kraft Paper Corporation on behalf of itself and its Affiliates (“KapStone”) and Safway Services, LLC (“Supplier”), dated February 19, 2016 [KAPSTONE-002176 – 2199]; Master Services Agreement between KapStone Kraft Paper Corporation on behalf of itself and its Affiliates (“KapStone”) and Easy Way Insulation (“Supplier”), effective June 1, 2014 [KAPSTONE-002222 – 2241]

signed by Eric Choltco, Director, Strategic Sourcing

- *Master Services Agreement by and between KapStone Kraft Paper Corporation on behalf of itself and its Affiliates ("KapStone") and Easy Way Insulation ("Supplier") dated June 1, 2014 – signed by John Davis, Regional Procurement Manager*

75. Messrs. Hoffman, Choltco and Davis all reported to Mill Headquarters in Roanoke Rapids, North Carolina in 2016 (i.e., the location of KapStone Kraft).⁹¹

76. KapStone Paper had an integrated and centralized contract management system where most contracts and purchases were required to be reviewed and approved in accordance with a prescribed *Contract Review and Signing Authority Policy*.⁹² Most customer contracts, procurement contracts, consultant contracts, purchase orders and leases entered into with regard to KapStone Charleston were required to be approved by someone at either Corporate Headquarters (KapStone Paper) or Mill Headquarters (KapStone Kraft) depending on the type and size of the contract. A similar policy existed with the regard to the approval of capital funding requests (i.e., *KapStone Paper and Packaging Capital Funding Requests Approval Levels*).⁹³ A summary of KapStone's Legal Contract Review and Signing Authority Policy with applicable reporting locations and descriptions is provided in Exhibit 6.

77. The process of delegating signing authority relative to the type and size of a contract or purchase is common and is generally considered good governance and a good internal control procedure.

XIV. KAPSTONE ACCOUNTING AND FINANCIAL MANAGEMENT PRACTICES

78. The KapStone related entities conducted business as a consolidated economic unit from a financial, accounting and / or operational perspective. While some separation of books and records, as well as bank accounts, is expected as KapStone was comprised of different operational units and divisions, ultimately KapStone managed the accounting and financial aspects of its business as a single entity.

A. While Other Bank Accounts Existed, KapStone Operated Primarily through One Master Account

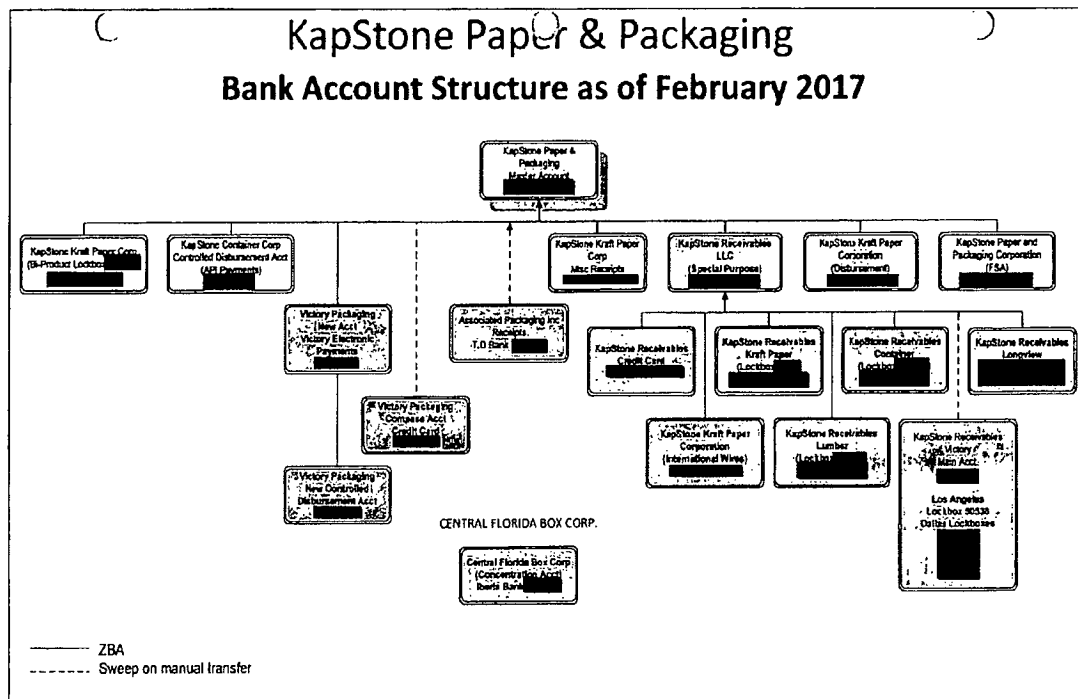
79. The bank account structure in use by KapStone during the relevant period included separate accounts for KapStone Kraft and other KapStone Paper subsidiaries including different accounts for

⁹¹ KapStone Active Employee Job List as of May 24, 2016 [KAPSTONE-002596 – 2650]

⁹² KapStone Paper and Packaging Corporation and its subsidiaries Legal Contract Review and Signing Authority Policy, dated November 2, 2015 [KAPSTONE-001969 – 1975], and dated April 18, 2017 [KAPSTONE-002514 – 2519]

⁹³ KapStone Paper and Packaging Capital Funding Requests Approval Levels, Revision: 03/15/2015 [KAPSTONE-001976 – 1979]

different purposes (i.e., Receivables, Disbursement, Special Purpose, etc.).⁹⁴ While certain separate bank accounts existed under the names of KapStone Charleston and KapStone Kraft, as well as other KapStone Paper subsidiaries, KapStone Paper managed the receipts and disbursements of funds through one Master Account. An overview of the bank account structure for KapStone Paper and its subsidiaries (as of February 2017) is provided in the diagram below:



80. As indicated in the diagram, all accounts flowed into, and were controlled by, the KapStone Paper "Master Account." The majority of the other accounts listed were denoted as "ZBA" or "Zero Balance Accounts." Zero Balance Accounts are accounts where a day-ending balance of zero dollars is maintained each day by means of automatic transfers of funds between the subsidiary accounts and the Master Account to eliminate excess balances (i.e., any balance) in the separate accounts.⁹⁵ In other words, funds received or available in the separate subsidiary accounts were transferred to the Master Account at the end of each day. Zero Balance Accounts allow for greater control over disbursements and a greater amount of funds available for use in the Master Account (i.e., the KapStone Paper Master Account).

⁹¹ KapStone Paper & Packaging Bank Account Structure as of February 2017 | KAPSTONE-000339

⁹⁵ Zero Balance Account - ZBA, Investopedia, updated August 9, 2018.

KapStone Paper concentrated its funds into one master operating account from which it controlled the funds including the funds transferred back to the subsidiary accounts for the purpose of disbursements.

81. Although separate subsidiary accounts existed, the KapStone related entity accounts were identified as KapStone Paper accounts with funds originating from “KapStone Paper and Packaging Corp., 1101 Skokie Blvd, Suite 300, Northbrook, Illinois, 60062.”⁹⁶

B. KapStone Consolidated the Securitization of Accounts Receivables from the KapStone Related Entities

82. In addition to managing its disbursements primarily through a KapStone Master Account, the KapStone related entities, as well as KapStone Container and Longview, operated under a joint Receivables Sale Agreement where any receivables (i.e., from the sales of goods and services) were sold to KapStone Receivables, LLC (“KapStone Receivables”).⁹⁷ The Receivables Sale Agreement effectively transferred ownership of account receivables generated through business conducted by KapStone Kraft and KapStone Charleston, as well as other subsidiaries, to an entity formed (and 100% owned) by KapStone Kraft called KapStone Receivables. In general, and as is the case here, this type of financial transaction was financed with the collateral of the obligation.

83. Immediately after acquiring receivables pursuant to the Receivables Sale Agreement, KapStone Receivables sold the receivables to certain “Purchasers” pursuant to a Receivables Purchase Agreement.⁹⁸ In other words, KapStone Receivables, in turn, sold the receivables to certain outside purchasers (e.g., Wells Fargo Bank, PNC Bank, etc.).^{99,100} Diagrams of the receivables sale and receivables purchase process are provided in Exhibit Z.

C. The KapStone Related Entities were Principally Supported by one Debt / Credit Agreement

84. KapStone Paper secured primarily one senior secured credit facility for use by the KapStone related entities that consisted of both term loans (often used for the purpose of making acquisitions) and a

⁹⁶ See e.g., KapStone invoices related to work involving KapStone Charleston but with checks written on accounts under the name of KapStone Paper [KAPSTONE-002123 – 2139]

⁹⁷ Receivables Sale Agreement by and among KapStone Kraft Paper Corporation, et al. as the Originators, KapStone Paper and Packaging Corporation, as the Servicer, and KapStone Receivables, LLC, as the Buyer, dated September 26, 2014 (and as amended) [KAPSTONE-002405 – 2490]

⁹⁸ *Id.* at [KAPSTONE-002408 – 2409]; Receivables Purchase Agreement, dated as of September 26, 2014 among KapStone Receivables, LLC, et al. and Wells Fargo Bank, N.A., as Administrative Agent (and as amended) [KAPSTONE-002243 – 2403]

⁹⁹ See e.g., Amendment No. 2 to Receivables Purchase Agreement, dated as of June 8, 2016 [KAPSTONE-002384 – 2394]

¹⁰⁰ The “Principal Place of Business, Chief Executive Office and Location of Records” for KapStone Kraft, KapStone Charleston, KapStone Container and Longview was listed as the corporate headquarters at 1101 Skokie Blvd., Suite 300, Northbrook, Illinois, 60062. *Id.* at [KAPSTONE-002442]

revolving credit facility (i.e., typically used more for working capital purposes).¹⁰¹ Although KapStone Paper was the borrower, the KapStone related entities were all guarantors of the credit facility pledging the collateral of their tangible and intangible assets. In each of the referenced credit agreements, Andrea K. Tarbox, Chief Financial Officer, executed the agreement on behalf of KapStone Paper, KapStone Kraft and KapStone Charleston.¹⁰²

D. The Mill Division of KapStone had a Centralized Purchase Order System

85. Both KapStone Kraft and KapStone Charleston, as a part of the Mill Division, were a part of KapStone's centralized purchase order system that would determine where (i.e., what mill) a product should be produced.¹⁰³

XV. KAPSTONE POLICIES AND PROCEDURES

86. The KapStone related entities were subject to the corporate handbook, code of ethics and other internal controls and policies and procedures, where applicable.

A. The KapStone Related Entities had the Same Corporate Handbook

87. The KapStone Paper and Packaging Employee Handbook was the same handbook applicable to employees of KapStone Kraft and KapStone Charleston in May 2016.

*"This Handbook is designed to provide a summary of certain policies and procedures of KapStone Paper and Packaging Corporation, its divisions and subsidiaries ("KapStone" or "Company") to all employees not subject to a collective bargaining agreement ("CBA")."*¹⁰⁴

88. While incorporated as a part of the Employee Handbook, various other policies also specifically spelled out their applicability to the employees of the KapStone related entities including: the Anti-Bribery Policy (i.e., applies to all officers, employees, agents or other intermediaries acting on KapStone's behalf); and the Code of Conduct and Ethics (i.e., applies to all directors, officers and employees of KapStone Paper and its subsidiaries).¹⁰⁵

¹⁰¹ KapStone Paper and Packaging Corp Form S-K filed July 18, 2013, Exhibit 10.1 Amended and Restated Credit Agreement Dated as of July 18, 2013 and Form S-K filed June 3, 2015, Exhibit 10.1 Second Amended and Restated Credit Agreement Dated as of June 1, 2015; *see also* 30 (b) (6) Deposition of KapStone Paper and Packaging Corporation (Mark Niehus) dated January 8, 2019 at 67-68 and 118

¹⁰² *Id.*

¹⁰³ 30 (b) (6) Deposition of KapStone Paper and Packaging Corporation (Mark Niehus) dated January 8, 2019 at 85-86 and 119-122

¹⁰⁴ Employee Handbook, KapStone Paper and Packaging Corporation, January 27, 2017 [KAPSTONE-000216 – 259]; *see also* 30 (b) (6) Deposition of KapStone Paper and Packaging Corporation (Mark Niehus) dated January 8, 2019 at 116

¹⁰⁵ Employee Handbook, KapStone Paper and Packaging Corporation, January 27, 2017, Anti-Bribery Policy [KAPSTONE-000414 – 427 at 415-419-]; KapStone Paper and Packaging Corporation, Code of Conduct and Ethics [KAPSTONE-002082 – 2094]

*"KapStone adopted a code of ethics that applies to its CEO and CFO, as well as all other officers and employees of the Company and its affiliates."*¹⁰⁶

B. The KapStone Related Entities were Subject to Other Consistent Policies and Procedures

89. In addition to those policies and procedures directed primarily at employees, the KapStone related entities were subject to the same operating controls, policies and procedures in various respects including the following:¹⁰⁷

- Legal Contract Review and Signing Authority Policy (Rev. November 2, 2015) [KAPSTONE-001969 – 1979]
- Financial Accounting and Approval of Leases Policy [KAPSTONE-001994 – 1996, KAPSTONE-002104 – 2106]
- Antitrust Policy and Guidelines [KAPSTONE-001964 – 1968]
- Service Organization Control [KAPSTONE-001980 – 1983]

90. Various other identified policies applicable to employees of the KapStone related entities are summarized in Exhibit 8.¹⁰⁸

91. The KapStone related entities were supported by the same IT department, operating under the same IT policies and procedures, working off the same general IT system framework and network infrastructure, and essentially the same email exchange / extension.¹⁰⁹

92. The IT-1 Account Management Policy was applicable to "All KapStone Paper and Packing, and subsidiaries, employees" and addressed the management of all user accounts, which include the creation...transfer and termination of access to computer facilities for KapStone employees and business associates."¹¹⁰ Various other IT policies were applicable across KapStone.¹¹¹

XVI. CONCLUSION

93. The factors that I evaluated and observed in relation to the KapStone related entities are indicative of a parent holding company and its subsidiaries that were operating from an economic and

¹⁰⁶ KapStone Paper and Packaging Corporate, Securities and Exchange Commission, Form 10-K, for the fiscal year ended December 31, 2015 at 42

¹⁰⁷ See also 30 (b) (6) Deposition of KapStone Paper and Packaging Corporation (Mark Niehus) dated January 8, 2019 at 7-8

¹⁰⁸ All sourced material addressing KapStone's integrated policies are set forth in Exhibit 7.

¹⁰⁹ KapStone Paper and Packaging Corporation Consolidated IT Director Users and Computers [KAPSTONE-000357]; KapStone Paper and Packaging Corporation Consolidated IT Budget, for the 2016 budget year [KAPSTONE-000356]; Example of Corporate IT Communication for All KapStone, dated September 15, 2017 [KAPSTONE-00355]

¹¹⁰ IT-1 Account Management Policy, and other affiliated policies [KAPSTONE-000428]

¹¹¹ KapStone IT Policies Portfolio [KAPSTONE-001985 – 1993, and KAPSTONE-001997 – 2081]

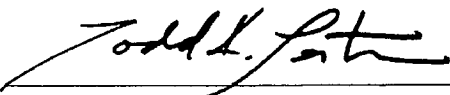
financial perspective as an integrated economic unit.

94. During the relevant period, the KapStone related entities were engaged in the same business activities, filed consolidated financial statements and tax returns (as a single economic entity), were managed by the same Executive Officers (from the same corporate headquarters location), and were ultimately governed by the same Board of Directors. The KapStone related entities also identified themselves primarily through one unifying name, trademarked image, and in their representations of KapStone in the public domain (e.g., website, press releases, investor presentations, etc.). In addition, the financial operations of the KapStone related entities were managed through an integrated purchase order, accounting and cash management system that included the centralized management of payroll, lending / credit agreements, and banking.

XVII. EXPERT DECLARATION

95. I reserve the right to revise the opinions, assumptions and calculations set forth herein upon consideration of the reports of any other testifying expert, the testimony of, or new documents produced by, any witness, any information or documents that any testifying expert produces or upon which he or she relies, and other material that may be presented to me prior to or at trial that I may properly consider under the governing rules or guidelines set by the court.

Dated: May 30, 2019

By: 
Todd K. Lester

LIST OF DOCUMENTS CONSIDERED

Legal Filings

Jacque Lucas, et al. v. KapStone Paper and Packaging Corporation, et al., Civil Action No. 2017-CP-10-00838:

- Complaint
 - Complaint, dated February 15, 2017.
 - First Amended Complaint, dated April 27, 2017.
- Motions
 - Defendants' Rule 12(b)(6) Motion to Dismiss and Motion for Stay of Discovery, dated June 6, 2017.
 - Defendants' Brief in Support of Their Rule 12(b)(1) Motion to Dismiss and Motion for Stay of Non-Jurisdictional Discovery, dated September 20, 2017.
 - Defendants' Second Amended Rule 12(b)(1) Motion to Dismiss and Motion for Stay of Discovery, dated September 20, 2017.
 - Memorandum of Law in Support of Petitioner Sentry's Motion to Intervene, dated December 21, 2017.
- Briefs
 - Pre-Hearing Brief and Notice of Witnesses and Written Report(s) or Other Evidence To Be Introduced on Behalf of the Claimant, dated March 8, 2017 (KAPSTONE 000433-438).
- Responses and Replies
 - KapStone Charleston's Response and Objection to Plaintiffs' Subpoena, dated February 23, 2016.
 - KapStone Defendants' Reply to Plaintiffs' Response to KapStone's Motion for Protective Order Re: Plaintiffs' 30(b)(6) Deposition Notice, and KapStone Charleston Kraft LLC's Reply to Plaintiff's Response to KapStone Charleston Kraft, LLC's Motion to Quash for Production of Documents, dated October 18, 2017.
- Affidavits, Depositions and Exhibits
 - Kelly Hulseman Affidavit and Exhibits, dated September 20, 2017 (KAPSTONE 000294-311).
 - Mark Niehus Affidavit and Exhibits, dated September 22, 2017.
 - 30 (b)(6) Deposition of KapStone Paper and Packaging Corporation (Mark Niehus), dated January 8, 2019.

Legal Precedent

- *Monroe v. Monsanto*, 531 F. Supp. 426 (D.S.C.1982).
- *Poch v. Bayshore Concrete Products*, 405 S.C. 359, 747 S.E.2s 757, August 2013.
- *Poch v. Bayshore Concrete Prods./S.C., Inc.*, Appellate Case No. 2010-149288, State of South Carolina in the Supreme Court, On Writ of Certiorari to the Court of Appeals.

Organizational Structure

Organizational Documents

- List of KapStone Kraft Paper employees located in Charleston, effective May 2016 (KAPSTONE 001188).
- List of KapStone Paper and Packaging employees located in Charleston, effective May 2016 (KAPSTONE 001189).
- List of KapStone Charleston Kraft, LLC employees located in Northbrook, IL, effective May 2016 (KAPSTONE 001190).
- Kapstone Paper and Packaging Corporation Organization Chart, dated September 30, 2016 (KAPSTONE 000001).
- Kapstone Entity Directors and Officers, dated February 14, 2017 (KAPSTONE 000266-270).
- Kapstone Kraft Paper Corporation KPM Reporting Roster, n.d. (KAPSTONE 000364-372).
- Kapstone Paper and Packaging Corporation, Employees Located at Charleston, n.d. (KAPSTONE 000373).
- Kapstone Kraft Paper Corporation Employees, Located at Charleston, n.d. (KAPSTONE 000374-375).
- Active Employee Job List, effective May 24, 2016 (KAPSTONE 002596-2650).

Bylaws

- Amended and Restated By-Laws of KapStone Paper and Packaging Corporation, effective May 2016 (KAPSTONE 001191-1207).
- By-Laws of KapStone Kraft Paper Corporation, effective May 2016 (KAPSTONE 001208-1222).
- Kapstone Paper and Packaging Corporation Bylaws, dated August 11, 2016 (KAPSTONE 000193-215).

Articles of Incorporation

- Certificate of Incorporation of Stone Arcade Acquisition Corporation, filed April 15, 2005 (KAPSTONE 000288-293).
- Kapstone Paper and Packaging Corporation Certificate of Incorporation, dated May 25, 2006 (KAPSTONE 000260-262).
- Restated Certificate of Incorporation of KapStone Paper and Packaging Corporation, incorporates all amendments through January 2, 2007 (KAPSTONE 002520-2522).
- Oak Acquisition LLC Articles of Organization, dated March 26, 2008 (KAPSTONE 000271-272).
- South Carolina Secretary of State Office Registered Agent Information for KapStone Charleston Kraft, LLC, dated April 25, 2008 (KCK 00133).
- Kapstone Paper and Packaging Corporation Charleston Mill Deed, dated July 7, 2008 (KAPSTONE 000135-148).
- South Carolina Secretary of State Online Corporate Information for KapStone Paper and Packaging Corporation, effective April 16, 2013 (KAPSTONE 002509).
- KapStone Paper and Packaging Corporation, Opencorporates. Retrieved at https://opencorporates.com/companies/us_de/3955792, dated June 8, 2018.
- KapStone Kraft Paper Corporation, Opencorporates. Retrieved at https://opencorporates.com/companies/us_de/4165052, dated June 11, 2018.
- KapStone Charleston Kraft LLC, Opencorporates. Retrieved at https://opencorporates.com/companies/us_de/4525470, dated June 15, 2018.
- Cogen South, L.L.C., South Carolina Secretary of State – Business Entities Online. Retrieved at <https://businessfilings.sc.gov/BusinessFiling/Entity/Profile/ec100e5b-65bf-4f5a-8453-1d506e57e597>, various dates.

Corporate Logo / Trademarks

- United States Patent and Trademark Office Registration, dated January 1, 2007 (KAPSTONE 000432).
- Kapstone Paper and Packaging Corporation Trademark Acknowledgement, dated February 1, 2016 (KAPSTONE 000431).
- Representative Copy of Corporate Letterhead for Kapstone Paper and Packaging Corporation, n.d. (KAPSTONE 000342).
- Kapstone Paper and Packaging Webpage, Retrieved from www.kapstonepaper.com/corporate-overview/history/, n.d. (KAPSTONE 000758-762).

Financial Documents

SEC Filings

- Stone Arcade Acquisition Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated August 19, 2005.
- Stone Arcade Acquisition Corporation, Form 10-Q/A, Note A – Organization, Business Operations and Subsequent Events, p. 7, filed September 30, 2005.
- Stone Arcade Acquisition Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated June 23, 2006.
- Stone Arcade Acquisition Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated December 15, 2006.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated December 29, 2006.
- KapStone Paper and Packaging Corporation, Form 10-K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 2006.
- KapStone Paper and Packaging Corporation, Form S-1, Registration Statement Under the Securities Act of 1933, dated January 12, 2007.
- KapStone Paper and Packaging Corporation, Form 10-K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 2007.
- KapStone Paper and Packaging Corporation, Form 10-K/A, Amendment No. 1, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 2007.
- MeadWestvaco Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated April 7, 2008.
- MeadWestvaco Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated July 1, 2008.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated July 2, 2008.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated December 29, 2008.
- KapStone Paper and Packaging Corporation, Form 10-K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 2008.
- KapStone Paper and Packaging Corporation, Form 10-K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 2009.
- KapStone Paper and Packaging Corporation, Form 10-K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 2010.

- KapStone Paper and Packaging Corporation, Financial Overview, dated April 28, 2011.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated March 15, 2013.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, filed June 11, 2013.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated July 18, 2013.
- KapStone Paper and Packaging Corporation, Form 8-K/A, Amendment No. 1 to Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated September 25, 2013.
- KapStone Paper and Packaging Corporation, Form 10-K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 2014.
- Stone Arcade Acquisition Corporation, Form S-1, Registration Statement Under the Securities Act of 1933, dated May 3, 2015.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated May 4, 2015.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated June 4, 2015.
- Stone Arcade Acquisition Corporation, Form S-1, Registration Statement Under the Securities Act of 1933, dated July 18, 2015.
- KapStone Paper and Packaging Corporation, Form 8-K/A, Amendment No. 1 to Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, filed August 6, 2015.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, filed August 10, 2015.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated September 1, 2015.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated October 28, 2015.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated December 8, 2015.
- KapStone Paper and Packaging Corporation, Form 10-K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 2015.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated February 9, 2016.
- KapStone Paper and Packaging Corporation, Form DEF 14A, Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934, filed March 28, 2016.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated April 27, 2016.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated June 8, 2016.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated July 27, 2016.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated August 15, 2016.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated November 1, 2016.

- KapStone Paper and Packaging Corporation, Form 10-K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 2016 (KAPSTONE 000002-134).
- KapStone Paper and Packaging Corporation, Form 10-K Title Page, for the fiscal year ended December 31, 2016 (KAPSTONE 000347).
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated February 8, 2017.
- KapStone Paper and Packaging Corporation, Form DEF 14A, Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934, filed April 5, 2017.
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, dated May 8, 2017.
- KapStone Paper and Packaging Corporation, Form 10-Q Title Page, for the quarterly period ended June 30, 2017 (KAPSTONE 000348).
- KapStone Paper and Packaging Corporation, Form 8-K, Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, Exhibit 99.1, dated February 29, 2018.

IRS Filings

- Summary Page form 941-C, United States Corporation Income Tax, Declaration for IRS e-file Return, for the tax year ending December 31, 2015 (KAPSTONE 000338).
- KapStone Paper and Packaging Corporation Form 1120, for the tax year ending December 31, 2015 (KAPSTONE 001642-1888).
- KapStone Paper and Packaging Corporation Affiliations Schedule, for the tax year ending December 31, 2015 (KAPSTONE 002511-2513).

Contracts and Agreements

- Oak Acquisition LLC Operating Agreement, dated March 26, 2008 (KAPSTONE 000273-287).
- Limited Liability Company Operating, Agreement of Oak Acquisition LLC, dated March 2008 (KAPSTONE 000340-341).
- Long-Term Fiber Supply Agreement by and between MeadWestvaco Forestry, LLC and KapStone Charleston LLC, dated July 1, 2008.
- Longview Fibre Paper and Packaging, Inc. Supplier Confidentiality Agreement with Safway – Agreement No. 3576 CA, effective January 22, 2012 (KAPSTONE 002194-2199).
- Labor Agreement between KCK & International Association of Machinists & Aerospace Workers, dated September 28, 2012 (KAPSTONE 000763-818).
- 2015 Labor Agreement By and Between The International Association of Machinists and Aerospace Workers and its Charleston Local Lodge No. 183 effective June 29, 2015 (KAPSTONE 000819-996).
- KapStone Contract for Services with Thompson Industrial Services, LLC, dated January 1, 2014 (KAPSTONE 002140-2159).
- KapStone Kraft Paper Corporation Contract for Services with Thompson Industrial Services, dated May 27, 2014 (KAPSTONE 002160-2169).
- KapStone Charleston Kraft LLC Master Services Agreement with Safway Services, LLC, effective June 1, 2014 (KAPSTONE 002200-2221).
- KapStone Kraft Paper corporation on behalf of itself and its Affiliates Master Services Agreement with Easy Way Insulation, effective June 1, 2014 (KAPSTONE 002222-2241).
- KapStone Kraft Paper Corporation Contract for Services with Thompson Industrial Services, dated September 19, 2014 (KAPSTONE 002170-2175).

- Receivables Sale Agreement by and among KapStone Kraft Paper Corporation, KapStone, Container Corporation, Longview Fibre Paper and Packaging, Inc., and KapStone Charleston, Kraft LLC, as the Originators, KapStone Paper and Packaging Corporation, as the Service, and KapStone Receivables, LLC, as the Buyer, dated September 26, 2014 (KAPSTONE 002405-2451).
- Receivables Purchase Agreement Among KapStone Receivables, LLC, as the Seller, KapStone, Paper and Packaging Corporation, as the servicer, The Purchasers from Time to Time Party, Hereto, and Wells Fargo Bank, N.A., as Administrative Agent, dated September 26, 2014 (KAPSTONE 002243-2362).
- Amendment No. 1 to Receivables Purchase Agreement, dated June 10, 2015 (KAPSTONE 002363-2383).
- Amendment No. 1 to Receivables Sale Agreement, dated June 10, 2015 (KAPSTONE 002452-2464).
- Discount Factor Agreement made and entered by KapStone Receivables, LLC, "Buyer", KapStone Kraft Paper Corporation, KapStone Container Corporation, Longview Fibre Paper, & Packaging, Inc., KapStone Charleston LLC, and Victory Packaging, LP, "Originators", dated January 1, 2016 (KAPSTONE 002489-2490).
- KapStone Kraft Paper corporation on behalf of itself and its Affiliates Master Services Agreement with Safway Services LLC – Agreement No. 0010243, effective February 18, 2016 (KAPSTONE 002176-2193).
- Amendment No. 2 to Receivables Sale Agreement, dated June 1, 2016 (KAPSTONE 002465-2474).
- Amendment No. 2 to Receivables Purchase Agreement, dated June 1, 2016 (KAPSTONE 002384-2394).
- Amendment No. 3 to Receivables Sale Agreement, dated February 21, 2017 (KAPSTONE 002475-2488).
- Amendment No. 3 to Receivables Purchase Agreement, dated January 1, 2017 (KAPSTONE 002395-2404).
- Limited Liability Company Agreement of Oak Acquisition LLC Excerpts, n.d. (KAPSTONE 000429-430).

Payroll and Benefit Plans

- Kapstone Paper and Packaging Corporation Workers Compensation and Employers Liability
- Kapstone Paper and Packaging Corporation, Group Health and Welfare Plan, effective January 1, 2015 (KAPSTONE 000384-402).
- KapStone Paper and Packaging Corporation Defined Benefit Retirement Plan for Charleston Bargained Employees, dated January 1, 2015 (KAPSTONE 001117-1143).
- KapStone Paper and Packaging Corporation 401 (K) Plan – Summary Plan Description for Charleston Union Employees, dated January 1, 2015 (KAPSTONE 001144-1174).
- Kapstone Paper and Packaging Corporation 401(k) Plan, effective January 1, 2015 – December 31, 2015 (KAPSTONE 000403-406).
- Insurance Policy Information Page, effective July 1, 2015 – July 1, 2016, dated July 9, 2015 (KAPSTONE 000322-327).
- Kapstone Paper and Packaging Corporation Confirmation of Coverage, effective July 1, 2015 – July 1, 2016 (KAPSTONE 000320-321).
- KapStone Paper & Packaging Corporation Group Health & Welfare Plan – Summary Plan Description for Charleston Union Employees, effective January 1, 2016 (KAPSTONE 000997-1116).
- Daniel Simerly Earnings Statement, dated May 1, 2016 (KAPSTONE 000752-755).

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- Active Employee Job List as of May 24, 2016 (KAPSTONE-002956-2650).
- Daniel Simerly Personnel File, dated July 16, 2016 (KAPSTONE 000720-751).
- Jacque Lucas' W-2 and Earnings Summary, for the tax period ending on December 31, 2016 (KAPSTONE 000718-719).
- J. Lucas Benefits Coverage, effective December 31, 2016 (KAPSTONE 001175-1177).
- D. Simerly Benefits Coverage, effective December 31, 2016 (KAPSTONE 001178-1183).
- Daniel Simerly's W-2 and Earnings Statement, for the tax period ending December 31, 2016 (KAPSTONE 000756-757).
- KapStone Pay Group Listing Organizational Chart, effective 2016 (KAPSTONE 002510).
- Kapstone Paper and Packaging Corporation Benefits Overview, n.d. (KAPSTONE 000149-192).
- Kapstone Paper and Packaging Corporation, Health Coverage Payment Ledger, n.d. (KAPSTONE 000409-411).

Insurance

Workers Compensation

- Kapstone Paper and Packaging Corporation Insurance Loss Payments, effective 2013-2016 (KAPSTONE 000329-332).
- Sentry Insurance Invoice to Kapstone Paper and Packaging Corporation regarding Insurance Coverage, dated October 19, 2015 (KAPSTONE 000328).
- Sentry Workers Compensation and Employers Liability Insurance Policy—Entire Policy, effective May 2016 (KAPSTONE 001223-1515).
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- Workers Compensation and Employers Liability Insurance Policy, effective July 1, 2016 – July 1, 2017 (KAPSTONE 001516-1617).
- Kapstone Paper and Packaging Corporation Record of Payment to ADP, as of December 7, 2016 (KAPSTONE 000335-337).

Policies and Procedures

Employee Handbook

- Kapstone Paper and Packaging Corporation Handbook, dated January 27, 2017 (KAPSTONE 000216-259).
- Kapstone Paper and Packaging Corporation Employee Handbook, dated January 27, 2017 (KAPSTONE 000414-427).

Code of Conduct and Governing Guidelines:

- KapStone Paper and Packaging Corporation Code of Conduct and Ethics Approved by Audit Committee & Nominating & Governance Committee, dated March 2015 (KAPSTONE 002082-2094).
- KapStone Paper and Packaging Roles and Responsibilities Corporate Governance Guidelines, n.d. (KAPSTONE 002095-2102).

Accounting and / or Financial

- Conceptual Framework Underlying Financial Accounting, p. 33, John Wiley & Sons, 1989.
- The Vest-Pocket CFO, Chapter 7, Key Financial Accounting Areas, p. 125, Jae K. Shim and Joel G. Siegel, Prentice Hall, 1992.
- Company Policy No. 31040 for Wood Fiber Procurement and Transfer, effective February 20, 2004

- (KAPSTONE 001937-1939).
- Global Sourcing Policy and Procedures No. 1006P-3 – Physical Inventory Procedures, effective April 30, 2004 (KAPSTONE 002107-2108).
 - Company Policy No. 30310 for Accounting, Controlling, and Reporting of Inventories Stored Off-Site Warehouse Locations, effective May 21, 2004 (KAPSTONE 001897-1898).
 - Company Policy No. 30300 for Standard Costs for U.S. Pulp and Paper Mills, effective May 24, 2004 (KAPSTONE 001896).
 - Company/ Corporate Policy No. 31290 for Asset Retirement Obligations, effective June 4, 2004 (KAPSTONE 001940-1942).
 - Company Policy No. 20115 for Travel and Entertainment, effective July 1, 2004 (KAPSTONE 002109-2122).
 - Company Policy No. 30500 for Periodic Physical Certification of Rolling and Non-Rolling Stock Fixed Assets, effective July 20, 2004 (KAPSTONE 001910-1913).
 - Company Policy No. 30600 for Leases – Long Term, effective March 29, 2005 (KAPSTONE 001924-1933).
 - Company Policy No. 30351 – Accounting Policy for Liquor Inventory for Charleston and Roanoke Rapids Paper Mills, effective January 1, 2009 (KAPSTONE 001901).
 - Company Policy No. 30350 – Accounting Policy for Alternative Fuel Mixture Tax Credit, effective January 29, 2009 for Charleston and February 14, 2009 for Roanoke Rapids (KAPSTONE 001900).
 - Kieso and Weygandt, Intermediate Accounting, Sixth Edition, Chapter 2, dated 2009.
 - Company Policy No. 30400 for Storeroom Assets, effective January 1, 2010 (KAPSTONE 001902-1909).
 - Company Policy No. 30340 for Cycle Counts and Physical Inventories, effective January 1, 2011 (KAPSTONE 001899).
 - Company Policy No. 30501 for Capitalization and Expensing of Expenditures for Fixed Assets, effective January 1, 2011 (KAPSTONE 001914-1917).
 - Company Policy No. 30800 for Charges Related to Acquisition of Fixed Assets, effective January 1, 2011 (KAPSTONE 001934).
 - Company Policy No. 30820 for Project Managers' and Other Internal Costs, effective January 1, 2011 (KAPSTONE 001935-1936).
 - Company Policy No. 30510 for Capitalization of Interest Cost, effective June 1, 2012 (KAPSTONE 001918-1920).
 - Company Policy No. 6000 Revenue Recognition, effective June 30, 2012 (KAPSTONE 001947).
 - KapStone Paper and Packaging Corporation Amended and Restated 2009 Employee Stock Purchase Plan, approved in October 2014 (KAPSTONE 001950-1958).
 - All KapStone & Subsidiaries Policy Service Organization Control Report Review (SOC-1), issued December 1, 2014 and revised September 20, 2016 (KAPSTONE 001980-1981).
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- Accounting for Trades and Longview, effective 2016 (KAPSTONE 001948-1949).
- KapStone Paper and Packaging Corporation Investment Policy, effective 2016 (KAPSTONE 001945-1946).
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- Zero Balance Account – ZBA, Investopedia, updated August 9, 2018.
- Kapstone Paper and Packaging Corporation Consolidating Balance Sheet, for the period 2012 – 2015 (KAPSTONE 000363).
- Accounting Standard (AS) 21, Consolidated Financial Statements, Objective, n.d.
- Kapstone Paper and Packaging Corporation, Receivables Securitization Transaction, Structure Chart, n.d. (KAPSTONE 000358-362).

Safety

- SOG 15- No. 2 Evaporator Shutdown Checklist, dated February 24, 1993 (KCK 00489-490).
- Recovery Dept Evaporator Specialist Qualification Learning Checklist, completed on April 10, 2008 (KCK 00491-510).
- Kapstone On-Site Service Terms and Conditions, dated June 6, 2014 (KAPSTONE 000264-265).
- Template for KapStone Recovery – No. 2 Evaporator Entry Isolation Procedure, dated September 10, 2014 (KCK 00188-195).
- Completed KapStone Recovery – No. 2 Evaporator Entry Isolation Procedure, dated September 10, 2014 (KCK 00178-187).
- KapStone Health & Safety Procedure: Lock, Tag, & Test, revised January 19, 2015 (KCK 00197-217).
- ATTN: EVAP Operators Notice re outage and procedures, dated May 23, 2016 (KCK 00196).
- KapStone Health & Safety Procedure: Working with Hazardous Chemicals: Line Breaking Information, various dates (KCK 00339-343).
- KapStone Health & Safety Procedure: Mill-wide General Safety Rules, various dates (KCK 00358-376).
- Screenshot of Version History for No. 2 Evaporator Entry Isolation Procedure; Source: Charleston DMS, various dates (KCK 00394).
- KapStone Recovery Dept Orientation Checklist and Utility Support Specialist Qualification Learning Checklist, various dates (KCK 00438-458).
- New Recovery Employee/ Recovery Utility Support Specialist Orientation Manual, various dates (KCK 00459-483).
- Evaluation of Safety and Health Program (Inspection No. 318041316): KapStone Charleston Kraft, LLC, n.d. (KCK 00093).
- Recovery Operations with Map of Recovery area, n.d. (KCK 00128).
- Accident Investigation Preparation & Procedure for KapStone Charleston including notes, n.d. (KCK 00145-150).
- New Recovery Employee/ Recovery Utility Support Specialist Orientation Manual, n.d. (KCK

00164-170).

- Safety Training re Line Break Safety (pg. 1 – 33 (out of 49)), n.d. (KCK 00226-279).
- Charleston Mill 2015 Lockout/ Tagout Presentation Course, n.d. (KCK 00280-329).

Information Technology

- Company Policy No. 30530 for Computer Software, effective September 2, 2010 (KAPSTONE 001921-1923).
- KapStone Paper and Packaging Corporation IT-1 Account Management Policy for Population: all KapStone Paper and Packaging, and Subsidiaries, Employees, effective 2016 (KAPSTONE 001997-2081).
- Example of Corporate IT Communication for All Kapstone, dated September 15, 2017 (KAPSTONE 000355).
- KapStone Paper and Packaging Corporation IT-3 Data Transmission Security for Population: All KapStone paper & Packaging, and Subsidiaries, Employees and Contractors, various dates (KAPSTONE 001985-1993).
- Kapstone Paper and Packaging Corporation, 2016 Consolidated IT Budget, n.d. (KAPSTONE 000356).
- Kapstone Paper and Packaging Consolidated IT, Directory Users and Computers, n.d. (KAPSTONE 000357).
- Kapstone Paper and Packaging Corporation IT- 1 Account Management Policy, n.d. (KAPSTONE 000428).

Other Policies and Procedures:

- KapStone Paper and Packaging Corporation and its subsidiaries Legal Contract Review and Signing Authority Policy, revised November 2, 2014 (KAPSTONE 001969-1979).
- KapStone Paper and Packaging Corporation Anti-Bribery Policy, effective September 23, 2016 (KAPSTONE 001959-1963).
- KapStone Paper and Packaging Corporation Environmental Policy, effective 2016 (KAPSTONE 002103).
- KapStone Paper and Packaging Corporation and its subsidiaries Legal Contract Review and Signing Authority Policy, dated April 18, 2017 (KAPSTONE 002514-2519).
- KapStone Paper and Packaging Antitrust Policy & Guidelines, effective June 15, 2017 (KAPSTONE 001964-1968).

Contracts, Agreements, Banking and Financial Transactions

- Summary of Daily Activity KCK Bank Account BOFAUSXXXXX XXXXXXXXX5001, dated May 21, 2016 (KAPSTONE 001620-1641).
- Summary of KapStone Receivables LLC Account XXXXXXXX730 Depository and Account, dated May 21, 2016 (KAPSTONE 002491-2508).
- Examples of KapStone Paper and Packaging Corporation payments to third party contractors, dated May 2016 (KAPSTONE 002135-2139).
- J. Lucas Expense, from the period between June 1, 2016 – June 6, 2016 (KAPSTONE 000713).
- J. Lucas Expense, from the period between June 4, 2016 – June 10, 2016 (KAPSTONE 000714).
- J. Lucas Expense, from the period between June 11, 2016 – June 17, 2016 (KAPSTONE 000715).
- J. Lucas Expense, from the period between June 23, 2016 – May 31, 2016 (KAPSTONE 000712).
- KapStone Paper and Packaging Corporation payment to DIR CAL OSHA – Department of Industrial Relations – Example of Payment of Fine by KPPC, dated July 29, 2016 (KAPSTONE

002242).

- Kapstone Paper and Packaging Corporation, Invoice from Blue Cross Blue Shield of Illinois, for Health Insurance Coverage Premium, dated October 18, 2016 (KAPSTONE 000407-408).
- Kapstone Paper and Packaging Premium, Payment to Blue Cross Blue Shield of Illinois, dated October 18, 2016 (KAPSTONE 000412-413).
- Kapstone Paper and Packaging Bank Account, effective February 2017 (KAPSTONE 000339).
- Hobgood Electric & Machinery Co., Inc. Invoice No. 0070357 to KapStone Charleston Kraft – Examples of Payments of Invoices, dated March 17, 2017 (KAPSTONE 002123).
- KapStone Paper and Packaging Corporation Check to HobGood Electric & Machinery – Examples of Payments of Invoices, dated April 17, 2017 (KAPSTONE 002124).
- Examples of KapStone Paper and Packaging Corporation payments to third party contractors, dated February 10, 2018 (KAPSTONE 002130-2134).
- Example of KapStone Paper and Packaging Corporation paying KapStone Charleston Kraft LLC Invoice, for the period 2017-2018 (KAPSTONE 002125-2129).

Related to Incident and Investigation

Workers Compensation and Personnel Documents for Jacque Lucas and Daniel Simerly

- Kapstone Charleston Kraft LLC Hiring letter to Jacque Lucas, dated February 4, 2010 (KAPSTONE 000344).
- Jacque Lucas Personal Data Change Form 9EB0YQ0000, dated January 2, 2012 (KAPSTONE 000707).
- Kapstone Charleston Kraft LLC Hiring letter to Daniel Simerly, dated August 31, 2012 (KAPSTONE 000345-346).
- Employer File Materials – Simerly Workers Compensation Claim, dated October 16, 2012 (KAPSTONE 000439-578).
- KapStone Safety Data Sheet: Black Liquor, dated May 30, 2015 (KCK 00351-357).
- Jacque Lucas Earnings Statement, dated May 1, 2016 (KAPSTONE 000708-711).
- Claim Number: 55C277929A Daniel Simerly, Loss Date: May 24, 2016, dated September 19, 2017 (KAPSTONE 000334).
- KapStone Entity Officers and Directors, effective May 2016 (KAPSTONE 001184-1187).
- Jacque Lucas Personnel File, dated June 3, 2016 (KAPSTONE 000680-705).
- Instance A – Description: PPE Requirements, Additional Info: G. Bower e-mail, dated June 17, 2016 (KCK 00120).
- OSHA Referral Inspection note, dated July 15, 2016 (KCK 00057).
- Memorandum for Record re May 25, 2016 inspection, dated July 15, 2016 (KCK 00058).
- Memorandum for File re inspection, dated July 15, 2016 (KCK 00059).
- Informal Conference Memorandum, dated October 5, 2016 (KCK 00009-10).
- KapStone Charleston Kraft LLC d/b/a KapStone, inspection date: May 25, 2016 – July 13, 2016, informal conference, dated October 25, 2016 (KCK 00011-19).
- Representative Intracompany Correspondence re Hiring for Kapstone Charleston Kraft LLC, dated July 13, 2017 (KAPSTONE 000343).
- Claim Number: 55C277926A Jacque Lucas Loss Date: May 24, 2016, Recoverable Deductible Losses through August 31, 2017, dated September 19, 2017 (KAPSTONE 000333).
- Daniel Simerly Workers Compensation File, dated September 29, 2017 (KAPSTONE 000579-679).
- Jacque Lucas SC Workers Comp Statement of Earnings of Injured Employee, various dates (KAPSTONE 000706).

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- Jacque Lucas Claim #55C277926, various dates (KAPSTONE 000312-315).
- Daniel Simerly Claim #55C277929, various dates (KAPSTONE 000316-319).
- Instance A – Description: PPE Citation, n.d. (KCK 00102).
- Measurements and additional information re Recovery operator incident, n.d. (KCK 00103).
- Instance A – Description: PPE Requirement, n.d. (KCK 00111).
- Measurements and additional information re incident, n.d. (KCK 00112).
- Black Liquor Flow Diagram, n.d. (KCK 00129).
- PareView Display of E2-1B Associated Pump Load (not visible), n.d. (KCK 00344).
- Representative Employment Related, Documentation for All Kapstone, n.d. (KAPSTONE 000376-383).

South Carolina Department of Labor, Licensing & Regulation (“SCDLLR”) Documents

- SC Dept of Labor Licensing & Regulation Penalty Credits, inspection dates May 25, 2016 – July 13, 2016 (KCK 00061-92).
- SC Dept of Labor Licensing & Regulation – Inspection Division Assignment Sheet CSHO: Paskauskas, Raymond and Referral, dated May 26, 2016 (KCK 00130-132).
- SC Dept of Labor Licensing & Regulation – Opening and Closing Conference Summary, dated July 13, 2016 (KCK 00094).
- SC Dept of Labor Licensing & Regulation Citation and Notification of Penalty, dated July 13, 2016 (KCK 00095-101).
- SC Dept of Labor Licensing & Regulation Citation & Notification of Penalty, dated August 9, 2016 (KCK 00038-44).
- SC Dept of Labor Licensing & Regulation Citation & Notification of Penalty, dated August 9, 2016 (KCK 00049-55).
- SC Dept of Labor Licensing & Regulation – Citation and Notification of Penalty, dated August 9, 2016 (KCK 00104-110).
- SC Dept of Labor Licensing & Regulation – Citation and Notification of Penalty, dated August 9, 2016 (KCK 00113-119).
- Notice to Employees of Informal Conference, dated October 25, 2016 (KCK-00020).
- SC Dept of Labor Licensing & Regulation Informal Settlement Agreement, dated November 1, 2016 (KCK 00007-8).
- SC Dept of Labor Licensing & Regulation – OSHA Inspection Report (Report ID 0454510), dated December 21, 2016 (KCK 00060).

Correspondence / Other

- KapStone Learning Center Certificate of Completion to certify that J. Fuller has successfully completed Recovery – Concentrator Training Manual, dated July 26, 2012 (KCK 00542).
- KapStone Charleston Kraft: Recovery Department PSC Evaporator Support Specialist Qualification Learning Checklist for J. Fuller, completed on August 3, 2012 (KCK 00511-541).
- User Training Transcript Report for Jacque Lucas, for the period of January 1, 2014 – May 25, 2016 (KCK 00218-221).
- Activity Completion Records Report for CH-Equipment Isolation Process Improvements (J. Fuller, A. Smith, J. Lucas, and D. Simerly), for the period of June 1, 2014 – June 10, 2016 (KCK 00598).
- User Training Transcript Report for Daniel Simerly, for the period of January 1, 2015 – May 25, 2016 (KCK 00222-225).

- Activity Completion Records Report for J. Fuller, for the period of January 1, 2015 – May 26, 2015 (KCK 00377-386).
- G. Bower email to R. Paskauskas re KapStone Organizational Chart – Maintenance/ Recovery with attached charts for: (1) Fiber & Utilities Org Chart; (2) Maintenance & Stores Org Chart (Maintenance Team); and (3) Maintenance & Stores Org Chart, dated May 26, 2016 (KCK 00151-154).
- G. Bower Transmittal Letter re Requested Documentation OSHA Accident, dated May 26, 2016 (KCK 00172-173).
- G. Bower email to R. Paskauskas re KapStone Organizational Chart – Maintenance/ Recovery with attached charts for: (1) Maintenance & Stores Org Chart (Maintenance Team); (2) Fiber & Utilities Org Chart; and (3) Maintenance & Stores Org Chart, dated May 26, 2016 (KCK 00174-177).
- G. Bower Transmittal Letter to R. Paskauskas re Requested Documentation – OSHA Accident Investigation, dated June 7, 2016 (KCK 00387-388).
- G. Bower Transmittal Letter to R. Paskauskas re Requested Documentation – OSHA Accident Investigation, dated June 10, 2016 (KCK 00389).
- G. Bower Transmittal Letter to R. Paskauskas re Requested documentation, dated June 10, 2016 (KCK 00484-488).
- G. Bower email to R. Paskauskas re Requested Documentation – KapStone and forwarding of OSHA Investigation Docs, dated June 10, 2016 (KCK 00155).
- R. Paskauskas email to G. Bower re Requested documentation – KapStone, dated June 13, 2016 (KCK 00390).
- R. Paskauskas email to G. Bower re Requested Documentation, dated June 13, 2016 (KCK 00601-602).
- G. Bower Transmittal Letter to R. Paskauskas Q&A re Clarification & Requested Documents, dated June 17, 2016 (KCK 00391-392).
- G. Bower email to R. Paskauskas re Requested Documentation – KapStone with clarification questions, dated June 17, 2016 (KCK 00156-158).
- G. Bower transmittal letter to R. Paskauskas re Clarification & Requested Documentation Q&A, dated June 17, 2016 (KCK 00599-600).
- R. Paskauskas email to G. Bower re Additional questions remaining for E2/1B investigation, dated June 20, 2016 (KCK 00393).
- G. Bower email to R. Paskauskas re Additional questions remaining for E2/1B investigation, dated June 21, 2016 (KCK 00159-160).
- Case No. 318041316 R. Paskauskas Ee # 1-14 employee information (legend), dated June 23, 2016 (KCK 00171).
- G. Bower transmittal letter to R. Paskauskas re Clarification & Requested Documentation Q&A, dated June 27, 2016 (KCK 00603-604).
- G. Bower email to R. Paskauskas re Additional questions remaining for E2/1B investigation with responses, dated June 28, 2016 (KCK 00161-162).
- G. Bower email to R. Paskauskas re Opening Closing Conference Summary, dated July 14, 2016 (KCK 00163).
- Invoice – Debt Collection Notice for \$1,700 for Inspection Number 318041316, dated August 9, 2016 (KCK 00045).
- Invoice – Debt Collection Notice for inspection Number 318041316, dated August 9, 2016 (KCK 00056).

- OSHA letter to George Bower re penalty, dated September 12, 2016 (KCK 00037).
- OSHA letter to George Bower, dated September 27, 2016 (KCK 00035).
- OSHA letter to George Bower re penalty, dated September 27, 2016 (KCK 00036).
- Mail Envelope & Green Card for certified mail from OSHA to George Bower, dated October 18, 2016 (KCK 00046-48).
- KapStone letter to SC Dept of Labor Licensing & Regulation re Abatement Certification of citation 01, Items 001a, 001b, and 001c with enclosed copies of: (1) Process/ Line Breaking on Hazardous sys; (2) PPE Hazard Assessment Certification Form; and (3) Job Hazard Analysis (JHA), dated October 25, 2016 (KCK 00021-34).
- Letter to George Bower from Karl Maddox (OSHA Informal Hearing Officer) re Informal Conference with Enclosure of Amended Citation & Notification of Penalty, dated November 3, 2016 (KCK 00005-6).
- Check to SC Dept of labor Licensing and Regulation from KapStone paper & Packaging, dated November 10, 2016 (KCK 00001).
- George Bower letter to SC Dept of Labor Licensing & Regulation re Inspection No. 318041316/ Operational Report No. 0799-16, dated November 11, 2016 (KCK 00002-3).
- Correspondence to Lucas re disability coverage, dated March 29, 2017 (KAPSTONE 000716).
- Correspondence to Lucas re benefits coverage, dated May 16, 2017 (KAPSTONE 000717).
- Class Name and Start Date Sheet for Daniel Simerly and Jacque Lucas, various dates (KCK 00330-338).
- KapStone Recovery Department Evaporator Specialist Qualification Learning Checklist, various dates (KCK 00412-437).
- KapStone Lockout/Tagout Program Improvements, n.d. (KCK 00543-597).
- KapStone Recovery Operations Training Coordinator – Internal Job Posting, n.d. (KCK 00004).

Photographs

- Photographs taken on May 25, 2016 (KCK 00605-651).
- Photographs taken on May 25, 2016 (KCK 00652-675).
- Photo Log, dated May 26, 2016 (KCK 00121-125).
- Photo Log, dated June 7, 2016 (KCK 00126-127).
- Photographs taken in June 7, 2016 (KCK 00676-719).
- Kapstone Charleston Kraft LLC Tax Parcel, dated July 14, 2017 (KAPSTONE 000263).

Work Orders

- KapStone Maintenance Work Order: Replace E2 1B Effect Vapor Head Door, dated December 2009 (KCK 00345).
- KapStone Maintenance Work Order: Repair E2 1B Effect Vapor Piping Leak, dated December 2009 (KCK 00349).
- KapStone Maintenance Work Order: E2 Jan Outage – Remove 1B Head and Pull Umbrella, dated November 2013 (KCK 00346).
- KapStone Maintenance Work Order: E2 Jan Outage – Remove 1B Head and Pull Umbrella, dated December 2013 (KCK 00350).
- KapStone Maintenance Work Order: Repair flange leak on E2 1B effect steam line, dated September 2014 (KCK 00347).
- KapStone Maintenance Work Order: E2 1B Effect Change Out Discharge Valve, dated November 2015 (KCK 00348).
- Inspection Checklist for Inspection No. 035-16 with handwritten notes, dated May 25, 2016 (KCK

00134-138).

- Draft Field Note – Inspection Checklist with handwritten notes, dated May 25, 2016 (KCK 00139-140).
- Handwritten notes, dated June 7, 2016 (KCK 00141-144).
- KapStone Recovery No. 2 Evaporator Entry Isolation Procedure, various dates (KCK 00395-402).
- KapStone Recovery No. 2 Evaporator Entry Isolation Procedure, various dates (KCK 00403-411).

Subscription-based Research:

S&P Capital IQ

- KapStone Charleston Kraft, LLC, S&P Global Market Intelligence, pp.1-4, dated 2018.
- WestRock Company (NYSE:WRK) > Fixed Income > S&P Global Ratings. S&P Global Market Intelligence, p.1, dated 2018.
- KapStone Paper and Packaging Corporation, S&P Global Market Intelligence, pp.1-19.

Mergent Intellect

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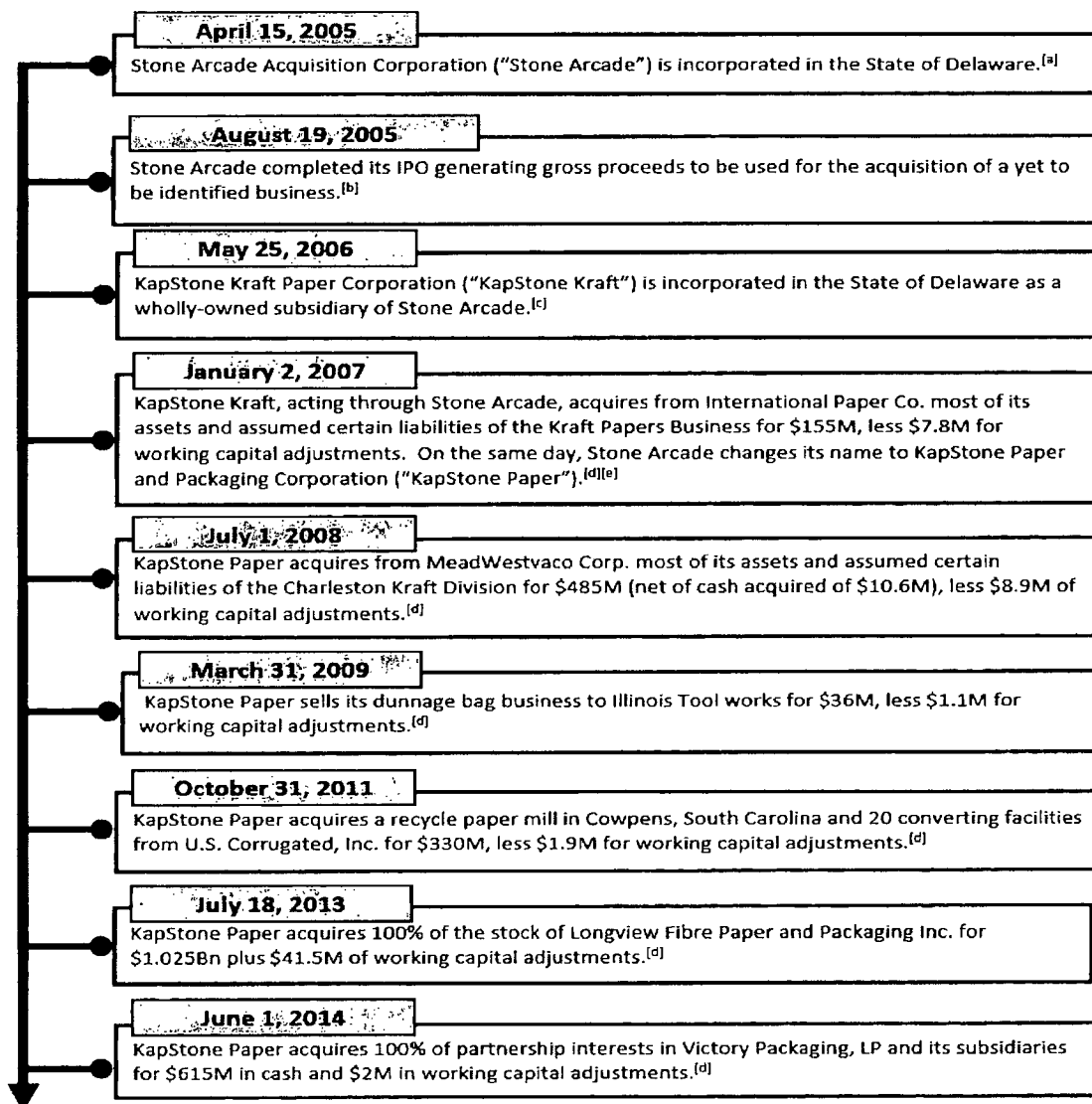
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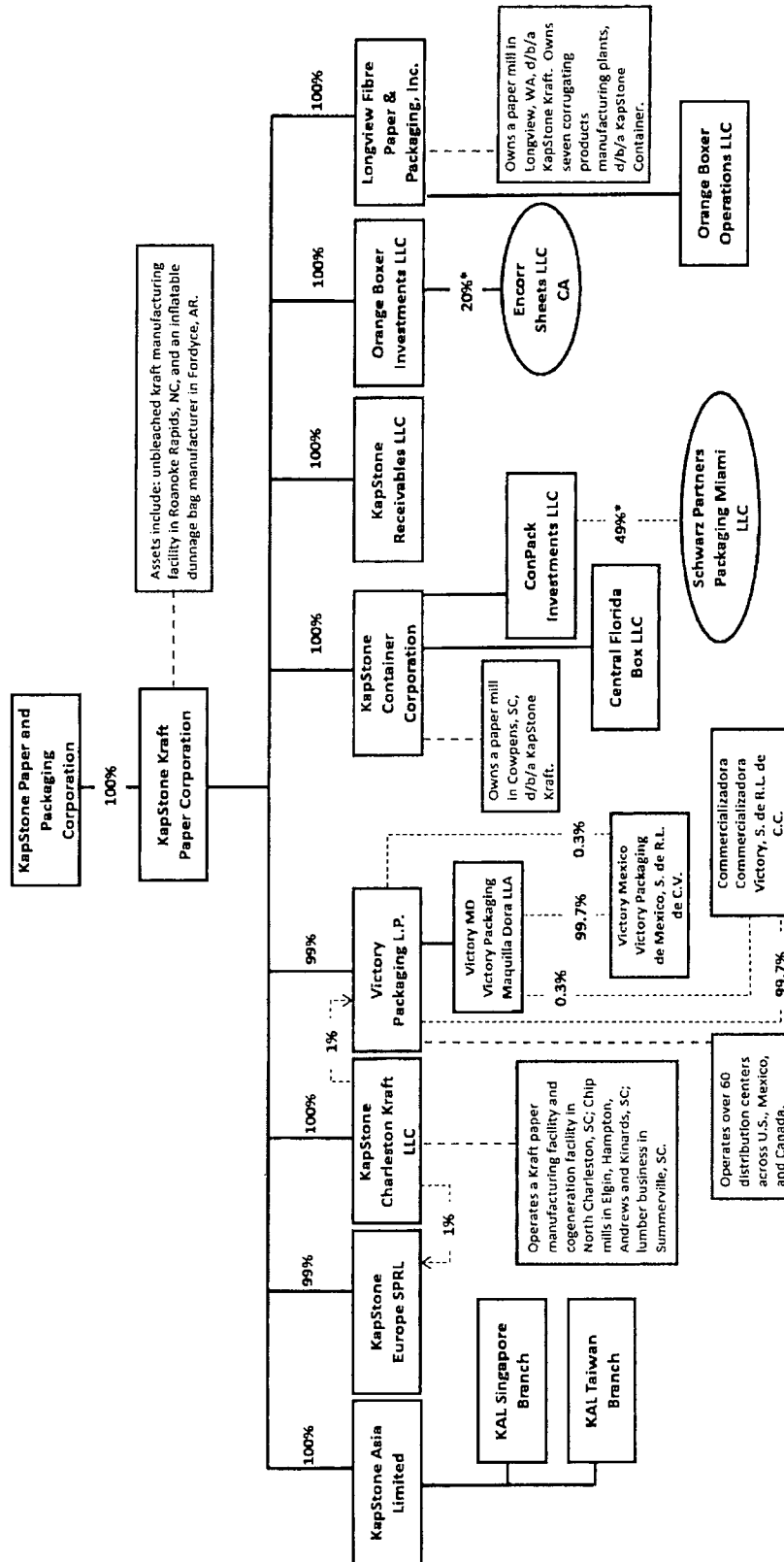
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Jacque Lucas, et al. v. KapStone Paper and Packaging Corporation, et al.
 KapStone Paper's Acquisition Timeline



Sources:

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- [c] Certificate of Incorporation, State of Delaware, KapStone Kraft Paper Corporation, dated May 25, 2006 [KAPSTONE-000260 – 263]
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- [e] KapStone to Acquire U.S. Corrugated, Retrieved from <https://www.packaginginsights.com/news/kapstone-to-acquire-us-corrugated.html>, dated September 23, 2011

KapStone Paper's Organizational Chart^{[a],[b],[c]}

•Not under managerial control of KapStone

[a] Kapstone Paper and Packaging Corporation Organization Chart [KAPSTONE-0000001]

^[b] KapStone Paper and Packaging Corporation, Form 10-K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, at Exhibit 21.1 ("KapStone Paper and Packaging Corporation Subsidiaries of the Company"), for the fiscal year ended December 31, 2015

^[K] KapStone Paper and Packaging Corporation, Form 10-K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 2016 [KAPSTONE-000002 – 134 at 61 and 122]

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KapStone Employees Located in Charleston that were Reporting to KapStone Kraft (Mill Headquarters) or KapStone Paper (Corporate)^(a)

Summary of Reporting:			
Corporate Container	2	KCC	2
Corporate Northbrook	22	COR	22
Mill Headquarters	36	KPM	34
Total	60	KCC	2
			60

Job Information - Effective Date 5/24/2016 Job Information - Effective Sequence

Employee ID Number	Employee Name	Location Code	Location Descr	Reports Location Code	System	Company	Pay Group	Pay Group Descr	Employee Type	Payroll Dept No.	Payroll Dept Descr	Union Code	Union Descr
011324	Neill, Frank R	803	Charleston	109	Corporate Container	KCC	FYK	Container Salary	S	006000	Admin - General	001	Salaried
206920	Lunn, Randall	803	Charleston	109	Corporate Container	KCC	FYK	Container Salary	S	006000	Admin - General	001	Salaried
016907	Cobb, William L	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	007650	Communications	001	Salaried
300104	Brown, Courtney Marie	803	Charleston	850	Mill Headquarters	KCC	FYA	Charleston/Sumnerville Salary	S	007680	Communications	001	Salaried
100638	Swair, Janice Ann	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	007200	Customer Service	001	Salaried
300926	Vann, Sharon Lynette	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	007200	Customer Service	001	Salaried
300114	Mintz, Elizabeth Ann	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	007200	Customer Service	001	Salaried
100911	Henderson, Tia Chevell	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	007630	Enterprise Sales Analysis	001	Salaried
225251	Dallan, Jeffrey S	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	007620	Enterprise Sales Analysis	001	Salaried
100903	Hollings, Jennifer Sue	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	009590	Finance - Local Ops	001	Salaried
217207	Cook, Thomas Brock	803	Charleston	850	Mill Headquarters	KCC	FYJ	Charleston/Sumnerville Salary	S	009590	Finance - Local Ops	001	Salaried
100762	John, Gary Remus	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	S	006650	Internal Audit	001	Salaried
100506	Chapman, James Dennis	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	S	006380	IT - Business Intelligence	001	Salaried
100511	Grimes, Paul Larry	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	S	006380	IT - Business Intelligence	001	Salaried
037265	Cebken, David H	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	S	006370	IT - ERP	001	Salaried
013513	Roberts, Jay A	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
017821	Hickerson, Jeffery S	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
030111	McAlvin, Robin R	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
038880	McBran, Suzanne M	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
100198	Liang, David Marcus	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
100904	Cristen, Erin C	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	E	006340	IT - Mill System Ops	001	Salaried
100514	James, Jeffrey H	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	E	006340	IT - Mill System Ops	001	Salaried
300031	Dawner, Gilbert Howard	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
500053	St. Arnaud, Jean Caprice	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	E	006340	IT - Mill System Ops	001	Salaried
030112	Hamm, Steven Ackerman	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	S	006310	IT - PMO	001	Salaried
100633	Taylor, Erin Whitney	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	S	006310	IT - PMO	001	Salaried
100505	Santae, Daniel L	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	E	006350	IT - Support	001	Salaried
100508	Hicks, Samuel Dennis	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	E	006350	IT - Support	001	Salaried
100512	Vawter, James E	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	E	006350	IT - Support	001	Salaried
100513	Williams, Bradley Simpson	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	E	006350	IT - Support	001	Salaried
100691	Yann, Christopher Kenneth	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	E	006350	IT - Support	001	Salaried
101663	Hagan, Allan Michael	803	Charleston	853	Corporate Northbrook	COR	FYH	Corporate Salary	E	006350	IT - Support	001	Salaried
500051	Adams, Stephen Foreman	803	Charleston	850	Mill Headquarters	COR	FYH	Corporate Salary	S	006350	IT - Support	001	Salaried
110086	Rensun, John D	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	007600	Marketing	001	Salaried
012965	Hofmann, Bruce W	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	006100	Mill HQ Admin	001	Salaried
016026	Intrell, Donna D	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	006100	Mill HQ Admin	001	Salaried
017819	Sydels, Stephen D	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	006100	Mill HQ Admin	001	Salaried
100540	Lawson, Thomas J	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	006100	Mill HQ Admin	001	Salaried
170495	West, David E	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	006100	Mill HQ Admin	001	Salaried
300348	Husillo, Deborah E	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	006100	Mill HQ Admin	001	Salaried
100910	Wetter, Kimberly Joyce	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	005400	Process Optimization and Control	001	Salaried
132691	Hurns, Gregory A	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	005400	Process Optimization and Control	001	Salaried
013147	Zahner, Brian C	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	005300	Procurement	001	Salaried
017233	Christensen, Marlene R	803	Charleston	850	Mill Headquarters	KPM	FYJ	Ramake Rapids Salary	S	005300	Procurement	001	Salaried

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KapStone Employees Located in Charleston that were Reporting to KapStone Kraft (Mill Headquarters) or KapStone Paper (Corporate)^(a)

Summary of Reporting:			
Corporate Container	2	KCC	2
Corporate Northbrook	22	COR	22
Mill Headquarters	36	KPM	34
Total	60	KCC	2
		Total	60

Job Information - Effective Date: 5/24/2016 Job Information - Effective Sequence

Employee ID Number	Employee Name	Location Code	Location Descr	Reports Location Code	System	Company	Pay Group	Pay Group Descr	Employee Type	Payroll Dept No.	Payroll Dept Descr	Union Code	Union Descr
108835	Hain, Brian F	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	005300	Procurement	001	Salaries
108879	Gundersen, Julia S	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	005300	Procurement	001	Salaries
100896	Czern, Danny IV	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	005300	Procurement	001	Salaries
340156	Wald, Janet O	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	005300	Procurement	001	Salaries
340120	Davis, John Christopher	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	005300	Procurement	001	Salaries
017275	Trader, Holly P	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	005000	Production Planning	001	Salaries
022821	Gibbs, Anthony E	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	005000	Production Planning	001	Salaries
030087	Fletcher, Nancy A	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	005000	Production Planning	001	Salaries
041095	Evans, Susan M	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	005000	Production Planning	001	Salaries
300025	Yanagis, Michelle Elaine	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	005000	Production Planning	001	Salaries
020167	Pritchard, James L	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	005000	Production Planning	001	Salaries
036896	Paulsen, Fritz G	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	007640	R and D	001	Salaries
016540	Walker, Benjamin K	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	007640	R and D	001	Salaries
016825	Jenkins, J. Terence T	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	007000	Sales - Kraft and Containerboard	001	Salaries
017846	McGinnis, Thomas D	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	007000	Sales - Kraft and Containerboard	001	Salaries
003626	Bailey, Trina L	803	Charleston	850	Mill Headquarters	KPM	FYJ	Rennsike Rapids Salary	S	005470	Training Department	001	Salaries

Source:

^(a) Active Employees Job List, effective May 24, 2016 [KA\STONE-002956 - 2650]

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KapStone Employees Located in Roanoke Rapids that were Reporting to Mill Headquarters (in Roanoke Rapids) or KapStone Paper (Corporate)¹⁴¹

Summary of Reporting:

Corporate-Coroner	0
Corporate-Northbrook	13
Mill-Headquarters	17
Total	30

Job Information - Effective Date 5/24/2016 Job Information - Effective Sequence

Employee ID Number	Employee Name	Location Code	Location Descr	Reports Location Code	Reports Location Descr	System	Company	Pay Group	Pay Group Descr	Employee Type	Payroll Dept No.	Payroll Dept Descr	Union Code	Union Code Descr
100510	Gray, Angela Moore	609	Roanoke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006340	IT - Mill System Ops	001	Salaried
100601	Williams, Taylor O	609	Roanoke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
100750	Smith, Crystal G	609	Roanoke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
100921	Holt, Kevin Duane	609	Roanoke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	005530	Safety	001	Salaried
115505	Tomlinson, David T	609	Roanoke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006320	IT - Infrastructure	001	Salaried
116245	Wardlaw, James T	609	Roanoke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
134326	Blackmon Jr, Charles D	609	Roanoke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006320	IT - Infrastructure	001	Salaried
136124	Criffus, Jeffrey S	609	Roanoke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006375	IT - Enterprise Applications	001	Salaried
172384	Guns, Sophia L	609	Roanoke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006375	IT - Enterprise Applications	001	Salaried
185001	Lyles, Samuel T	609	Roanoke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
200004	Lamm, Tammy J	609	Roanoke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006375	IT - Enterprise Applications	001	Salaried
400003	Avent, Christopher	609	Roanoke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
400007	Smith, Kelly Anne	609	Roanoke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006310	IT - PMO	001	Salaried
100060	Dineen, Jennifer Pope	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	007200	Customer Service	001	Salaried
100140	Livingston, Nicole M	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	007200	Customer Service	001	Salaried
100693	Lockamon, Jeffrey T	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	005300	Procurement	001	Salaried
115544	News, Antoinette T	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	007000	Sales - Kraft and Containerboard	001	Salaried
115618	Lump, Michelle D	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	007000	Sales - Kraft and Containerboard	001	Salaried
115661	Hammock, Deborah M	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	007640	R and D	001	Salaried
116214	Wall, Sandy K	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	005300	Procurement	001	Salaried
116435	Hudson, Stephen R	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	005000	Production Planning	001	Salaried
116599	Kendrick, Lisa M	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	007200	Customer Service	001	Salaried
116681	Mckee, Melissa H	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	005000	Production Planning	001	Salaried
116812	Patterson III, Robert R	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	005300	Procurement	001	Salaried
116843	Williams, Rebecca H	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	005300	Procurement	001	Salaried
116855	Wren, Chelsey Livingston	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	007620	Enterprise Sales Analysis	001	Salaried
119208	Blum, Dorethe	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	007200	Customer Service	001	Salaried
137320	Brown, Timothy L	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	007200	Customer Service	001	Salaried
192181	Clark, Sherel N	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	007200	Customer Service	001	Salaried
717393	Resi, Erica Martin	609	Roanoke Rapids	850	Mill Headquarters	Mills	KPM	FYJ	Roanoke Rapids Salary	S	005950	Finance - Local Ops	001	Salaried

Source:

¹⁴¹ Active Employees Job List, effective May 24, 2016 [KAPSTONE-002956 - 2650]

Jacque Lucas, et al. v. KapStone Paper and Packaging Corporation, et al.

KapStone Employees Providing Certain Shared Services (based on Payroll Dept Descr) and their Respective Physical and Reporting Locations⁽¹⁾

Summary of Reporting:

Total - Shared Services	175
Corporate Northbrook	151
Corporate CEO-CFO Office	4
Other	20

Job Information - Effective Date: 5/24/2016 - Job Information - Effective Sequence

Employee ID Number	Employee Name	Location Code	Location Descr	Reports Location Code	Reports Location Descr	System	Company	Pay Group	Pay Group Descr	Employee Type	Payroll Dept No.	Payroll Dept Descr	Union Code	Union Descr
100064	Shah, Dilip Kumar Shantilal	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006120	Accounts Payable	001	Salaried
100192	Bukhveleva, Olga	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006120	Accounts Payable	001	Salaried
100386	Chenewala, Dhawal Y	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006120	Accounts Payable	001	Salaried
100528	Shah, Apurva Dilip	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006120	Accounts Payable	001	Salaried
500020	Mitra, Denise K	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006120	Accounts Payable	001	Salaried
500021	Panditwala, Kashmita Manojchandra	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006120	Accounts Payable	001	Salaried
500029	Madi, Manish V	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006120	Accounts Payable	001	Salaried
500049	Clarke, Dane Douglas	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006120	Accounts Payable	001	Salaried
500061	Hilume-Gutierrez, Cassandra Sue	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006120	Accounts Payable	001	Salaried
500069	Hiers, Sofia E	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006120	Accounts Payable	001	Salaried
500087	Shusierman, Luka	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006120	Accounts Payable	001	Salaried
717170	Hochli, Samantha Aimee	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006120	Accounts Payable	001	Salaried
717200	Patriek, Cynthia	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006120	Accounts Payable	001	Salaried
500001	Stone, Roger	853	Corporate Northbrook	879	Corporate CEO-CFO Office	Corporate	COR	FYH	Corporate Salary	S	006150	CEO	001	Salaried
500003	Kaplan, Matthew	853	Corporate Northbrook	879	Corporate CEO-CFO Office	Corporate	COR	FYH	Corporate Salary	S	006150	CEO	001	Salaried
500004	Strugollia, Nancy C	853	Corporate Northbrook	879	Corporate CEO-CFO Office	Corporate	COR	FYH	Corporate Salary	S	006150	CEO	001	Salaried
500056	Schulze, Christine Marie	853	Corporate Northbrook	879	Corporate CEO-CFO Office	Corporate	COR	FYH	Corporate Salary	S	006150	CEO	001	Salaried
100789	Munphy, Michael John	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006110	CFO	001	Salaried
101190	Plachurkey, Kaitlen Corrine	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006110	CFO	001	Salaried
500003	Tarbo, Andrea	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006110	CFO	001	Salaried
500005	Hadley, Jairo	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006110	CFO	001	Salaried
500025	Juan, Renee L	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006110	CFO	001	Salaried
500028	Hultsman, Kelly M	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006110	CFO	001	Salaried
500039	Jackson, Quanda S	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006110	CFO	001	Salaried
100732	Hafani, Seema S	853	Corporate Northbrook	109	Corporate Container	Container	KCC	FYR	Container Salary	S	006215	Corporate Controller	001	Salaried
101159	Panjwani, Alvin Astam	853	Corporate Northbrook	109	Corporate Container	Container	KCC	FYR	Container Salary	S	006215	Corporate Controller	001	Salaried
717175	Zahid, Ahsan	853	Corporate Northbrook	109	Corporate Container	Container	KCC	FYR	Container Salary	S	006215	Corporate Controller	001	Salaried
600620	Robertson, James	SGA	Statewide Georgia	109	Corporate Container	Container	KCC	FYR	Container Salary	S	006215	Corporate Controller	001	Salaried
100003	Michael, Debra L	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006215	Corporate Controller	001	Salaried
100065	Makarewicz, Vladislav	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006215	Corporate Controller	001	Salaried
101247	Spurney, John J	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006215	Corporate Controller	001	Salaried
100537	Zimbo, Robert D	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006215	Corporate Controller	001	Salaried
101093	Kline, Alexander Justin	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006215	Corporate Controller	001	Salaried
101176	Ross, Alan John	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006215	Corporate Controller	001	Salaried
190625	Jones, Matthew B	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006215	Corporate Controller	001	Salaried
500009	Nichols, Mark A	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006215	Corporate Controller	001	Salaried
500032	Harrison, Stephen Carrie	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006215	Corporate Controller	001	Salaried
007604	Stowell, Brad C	200	Lungview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006215	Corporate Controller	001	Salaried
221106	Stanton, Philip A	200	Lungview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006215	Corporate Controller	001	Salaried
500066	Simmons, Wayne Scott	SGA	Statewide Georgia	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006215	Corporate Controller	001	Salaried
100462	Bucsay, Stephen A	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006225	Credit and Collection	001	Salaried
101120	Reich, Garrett	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006225	Credit and Collection	001	Salaried
101125	Patel, Meera Vinodchandra	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006225	Credit and Collection	001	Salaried
101183	Riley, Kelsey Colleen	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006225	Credit and Collection	001	Salaried
500013	Mendez, Mariana	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006225	Credit and Collection	001	Salaried
500019	Laskowski, Jolwiga Maria	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006225	Credit and Collection	001	Salaried

Jacque Lucas, et al. v. KapStone Paper and Packaging Corporation, et al.

KapStone Employees Providing Certain Shared Services (based on Payroll Dept Descr) and their Respective Physical and Reporting Locations¹⁴

Summary of Reporting:

Total - Shared Services	175
Corporate Northbrook	151
Corporate CEO-CFO Office	4
Other	20

Job Information - Effective Date: 5/21/2016 - Job Information - Effective Sequence

Employee ID Number	Employee Name	Location Code	Location Descr	Reports Location Code	Reports Location Descr	System	Company	Pay Group	Pay Group Descr	Employee Type	Payroll Dept No.	Payroll Dept Descr	Union Code	Union Code Descr
500042	Nune, Eric F	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006225	Credit and Collection	001	Salaries
500046	Pulch, Inessa	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006225	Credit and Collection	001	Salaries
500078	Russell, Aidan Richard	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006225	Credit and Collection	001	Salaries
712174	Reyes, Alex Christopher	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006225	Credit and Collection	001	Salaries
712765	Reilly, Catherine Marie	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006225	Credit and Collection	001	Salaries
712144	Ruiz, Victoria E	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006225	Credit and Collection	001	Salaries
600493	McDonnell, Peter J	161	Bowling Green	109	Corporate Container	Container	KCC	FYR	Container Salary	S	006410	Human Resources	001	Salaries
100045	Ricketts, Daniel Lee	163	Cedar Rapids	109	Corporate Container	Container	KCC	FYR	Container Salary	S	006410	Human Resources	001	Salaries
500016	Rehr, Victoria	853	Corporate Northbrook	109	Corporate Container	Container	KCC	FYR	Container Salary	S	006410	Human Resources	001	Salaries
500079	Feldman, Irina	853	Corporate Northbrook	109	Corporate Container	Container	KCC	FYR	Container Salary	S	006410	Human Resources	001	Salaries
209586	Terry, James A	320	Seattle	109	Corporate Container	Container	KCC	FYR	Container Salary	S	006410	Human Resources	001	Salaries
100415	Rosman, Roxanne Marie	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006410	Human Resources	001	Salaries
100578	Zaback, Jeffrey K	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006410	Human Resources	001	Salaries
100936	Hohl, Terrie, Alanna Teddlar	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006410	Human Resources	001	Salaries
101089	Woss, Cynthia Lynn	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006410	Human Resources	001	Salaries
101189	Harris, Scott E	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006410	Human Resources	001	Salaries
500006	Lewis, Thomas Marie	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006410	Human Resources	001	Salaries
500030	Takoni, Tania L	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006410	Human Resources	001	Salaries
001454	Clapp, Catha L	200	Langleview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006410	Human Resources	001	Salaries
001551	Cutler, Susan L	210	Langleview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006410	Human Resources	001	Salaries
001592	Olson, Stephanie J	210	Langleview Mill	200	Langleview Mill	Mills	LFI	FYE	Langleview Salary	E	006410	Human Resources	001	Salaries
009337	Tassal, Corrie J	200	Langleview Mill	200	Langleview Mill	Mills	LFI	FYE	Langleview Salary	E	006410	Human Resources	001	Salaries
100178	Burrows, William J	210	Langleview Mill	200	Langleview Mill	Mills	LFI	FYE	Langleview Salary	S	006410	Human Resources	001	Salaries
001914	Cassidy, Matthew A	200	Langleview Mill	630	Mill Headquarters	Mills	KPA1	FYJ	Rossmore Rapids Salary	S	006410	Human Resources	001	Salaries
001006	Johnson, Daniel M	200	Langleview Mill	630	Mill Headquarters	Mills	KPA1	FYJ	Rossmore Rapids Salary	S	006410	Human Resources	001	Salaries
133705	Campbell, Nicole D	200	Langleview Mill	630	Mill Headquarters	Mills	KPA1	FYJ	Rossmore Rapids Salary	E	006410	Human Resources	001	Salaries
208557	Cato, Patricia	200	Langleview Mill	630	Mill Headquarters	Mills	KPA1	FYJ	Rossmore Rapids Salary	S	006410	Human Resources	001	Salaries
218659	Parafiniczuk, Gary A	200	Langleview Mill	630	Mill Headquarters	Mills	KPA1	FYJ	Rossmore Rapids Salary	S	006410	Human Resources	001	Salaries
003690	Wassell, Amber D	320	Langleview Box	320	Seattle	Container	LFI	FYE	Langleview Salary	S	006410	Human Resources	001	Salaries
700642	Anderson, Neal E	330	Spanish Fork	330	Spanish Fork	Container	LFI	FYE	Langleview Salary	S	006410	Human Resources	001	Salaries
717497	Highway, Renee Marie	330	Yakima	330	Yakima	Container	LFI	FYE	Langleview Salary	E	006410	Human Resources	001	Salaries
100763	Luh, Cary Keams	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006650	Internal Audit	001	Salaries
100973	GHINEA, ELENA	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006650	Internal Audit	001	Salaries
101026	Prager, Anne M	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006650	Internal Audit	001	Salaries
101126	Hauptman, Nicholas Charles	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006650	Internal Audit	001	Salaries
101204	Walters Van Allen, Andrew David	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006650	Internal Audit	001	Salaries
500016	Gomez, Colin J	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006650	Internal Audit	001	Salaries
717247	Ujczak, Oscar	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006650	Internal Audit	001	Salaries
717465	Torrell, Karyna	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006650	Internal Audit	001	Salaries
717471	Lau, Steve Ying	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006650	Internal Audit	001	Salaries
717472	Xia, Jin	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006650	Internal Audit	001	Salaries
717522	Ajari, Vahideh Akela Vahada	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006650	Internal Audit	001	Salaries
717561	Okunev, Oleg Dmitriy	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006650	Internal Audit	001	Salaries
100506	Chapman, Janice Dennis	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006350	IT - Business Intelligence	001	Salaries
100511	Grimes, Paul Larry	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006350	IT - Business Intelligence	001	Salaries
005390	Tvogl, Vilas	200	Langleview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006350	IT - Business Intelligence	001	Salaries

Jacque Lucas, et al. v. KapStone Paper and Packaging Corporation, et al.
 KapStone Employees Providing Certain Shared Services (based on Payroll Dept Deser) and their Respective Physical and Reporting Locations^{1a1}

Total - Shared Services	175
Corporate Northbrook	151
Corporate CEO-CFO Office	4
Other	20

Summary of Reporting:

Job Information - Effective Date: 5/24/2016 - Job Information - Effective Sequence

Employee ID	Employee Name	Location Code	Location Deser	Reports Location Code	Reports Location Deser	System	Company	Pay Group	Pay Deser	Employee Type	Payroll Dept No.	Payroll Dept Deser	Union Code	Union Deser
500047	Cutliffe,Carol Ann	SSC	Statewide South Carolina	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006330	IT - Business Intelligence	001	Salaried
100384	Weber,Christine M	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006335	IT - Container Applications	001	Salaried
100841	Williams,Charles Cleveland	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006335	IT - Container Applications	001	Salaried
100116	Conner,Kathy D	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006335	IT - Container Applications	001	Salaried
002069	Hanna,Linda J	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006335	IT - Container Applications	001	Salaried
100483	Hulse,Todd S	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006335	IT - Container Applications	001	Salaried
101184	Zhao,Hong	SCA	Statewide Georgia	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006335	IT - Container Applications	001	Salaried
001442	Pholey,Michael R	340	Twin Falls	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006335	IT - Container Applications	001	Salaried
100406	Jackson,Shawn Jermaine	SCA	Statewide Georgia	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006330	IT - Container System Ops	001	Salaried
600772	Weir,Joseph K	SCA	Statewide Georgia	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006330	IT - Container System Ops	001	Salaried
001092	White,Alicia L	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006375	IT - Enterprise Applications	001	Salaried
002937	Noble,Peggy S	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006375	IT - Enterprise Applications	001	Salaried
210959	Boyle,Troy R	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006375	IT - Enterprise Applications	001	Salaried
136174	Griffiths,Jeffery S	609	Romake Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006375	IT - Enterprise Applications	001	Salaried
172384	Gunn,Sophia J	609	Romake Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006375	IT - Enterprise Applications	001	Salaried
200004	Lamm,Tammy J	609	Romake Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006375	IT - Enterprise Applications	001	Salaried
037665	Chaffin,David H	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006370	IT - ERP	001	Salaried
001406	Corrie,Michael S	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006370	IT - ERP	001	Salaried
100703	Willers,Ricky L	SSC	Statewide South Carolina	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006370	IT - ERP	001	Salaried
001944	Tomlinson,Tara P	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006320	IT - Infrastructure	001	Salaried
004029	Wikefield,Jayanne M	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006320	IT - Infrastructure	001	Salaried
199833	Hopkins,Jeffrey S	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006320	IT - Infrastructure	001	Salaried
115505	Tomlinson,Daniel T	609	Romake Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006320	IT - Infrastructure	001	Salaried
134326	Blackmon Jr,Charles D	609	Romake Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006320	IT - Infrastructure	001	Salaried
195465	Leam,Jason S	SAZ	Statewide Arizona	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006320	IT - Infrastructure	001	Salaried
141526	Dwyer,Ashley	SSC	Statewide North Carolina	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006320	IT - Infrastructure	001	Salaried
078805	Mueller,Joseph V	SSC	Statewide South Carolina	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006320	IT - Infrastructure	001	Salaried
204315	Sherlock,Everett D	SSC	Statewide South Carolina	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006320	IT - Infrastructure	001	Salaried
500037	Borlow Jr,Kenneth A	SSC	Statewide South Carolina	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006320	IT - Infrastructure	001	Salaried
002841	Wynch,Gregory L	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006385	IT - Integration Architecture	001	Salaried
211475	Wagner,Michael J	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006385	IT - Integration Architecture	001	Salaried
500043	Dugbart,Joshua H	SSC	Statewide North Carolina	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006385	IT - Integration Architecture	001	Salaried
500057	Simmerman Jr,John Kenneth	SSC	Statewide North Carolina	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006385	IT - Integration Architecture	001	Salaried
044372	Villa,Elizabeth A	SSC	Statewide South Carolina	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
013513	Roberson,Lee A	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
017821	Hickerson,Jeffery S	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
030111	McAlmon,Robin K	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
038880	Cuchran,Suzanne M	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
100198	Lamp,David Marcus	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
100504	Coston,Erin C	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006340	IT - Mill System Ops	001	Salaried
100314	Jones,Jeffrey H	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006340	IT - Mill System Ops	001	Salaried
300031	Dwornic,Gilbert Howard	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
500053	St. Arnold,Joan Caprice	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006340	IT - Mill System Ops	001	Salaried
100523	Dizon,Philip Victor	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
500031	Burns,Brian Andrew	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
001148	Courser,Kurtis R	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried

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KapStone Employees Providing Certain Shared Services (*usual on Payroll Dept Deser*) and their Respective Physical and Reporting Locations¹⁴¹

Total - Shared Services	175
Corporate Northbrook	151
Corporate CEO-CFO Office	4
Other	20

Summary of Reporting:

Job Information - Effective Date: 3/24/2016 - Job Information - Effective Sequence

Employee ID	Employee Name	Location Code	Location Deser	Reports Location Code	Reports Location Deser	System	Company	Pay Group	Pay Group Deser	Employee Type	Payroll Dept No.	Payroll Dept Deser	Union Code	Union Deser
000394	Jackson, Courtney J	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
000454	Warren, David R	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
008288	Bark, Joe A	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
105689	Fultz, Scott J	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
199122	Ruiz, Marcel G	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006340	IT - Mill System Ops	001	Salaried
219746	Fultz, Richard J	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006340	IT - Mill System Ops	001	Salaried
223426	Mason, Robert A	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
224474	McCurmick, Keith D	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006340	IT - Mill System Ops	001	Salaried
100510	Gray, Angela Moore	609	Ronauke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006340	IT - Mill System Ops	001	Salaried
100601	Williams, Tyler O	609	Ronauke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
100755	Smith, Crystal C	609	Ronauke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
116245	Wardlaw, James T	609	Ronauke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
185001	Leila, Samuel T	609	Ronauke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
400007	Avent, Christopher	609	Ronauke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
003916	Thomas, Denise M	500	Statewide Michigan	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006340	IT - Mill System Ops	001	Salaried
020112	Hann, Steven Ackerman	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006310	IT - PMO	001	Salaried
100633	Taylor, Erin Whitney	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006310	IT - PMO	001	Salaried
002518	LaBerge, Valerie A	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006310	IT - PMO	001	Salaried
400007	Smith, Kelly Anne	609	Ronauke Rapids	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006310	IT - PMO	001	Salaried
100505	Samay, Daniel L	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006350	IT - Support	001	Salaried
100506	Hicks, Samuel Dennis	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006350	IT - Support	001	Salaried
100512	Vawter, James E	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006350	IT - Support	001	Salaried
100513	Williams, Bradley Simpson	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006350	IT - Support	001	Salaried
100691	Yam, Christopher Kennedy	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006350	IT - Support	001	Salaried
101163	Hagan, Allan Michael	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006350	IT - Support	001	Salaried
500051	Adams, Stephen Foreman	803	Charleston	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006350	IT - Support	001	Salaried
001235	LaBetz, Patrick A	200	Longview Mill	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006350	IT - Support	001	Salaried
101058	LaBetz, Patrick A	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006360	IT Admin	001	Salaried
184769	Zimmerman, Richard E	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006360	IT Admin	001	Salaried
100633	Silver, Wendy L	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006615	Legal	001	Salaried
100946	Ingabami, Kathryn D	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006615	Legal	001	Salaried
601218	Schmidt, Timothy William	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006615	Legal	001	Salaried
217467	Risteka, Rebecca	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006615	Legal	001	Salaried
500014	Moore, Kathleen A	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006230	Payroll	001	Salaried
717492	Hernandez, Linda Louise	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006230	Payroll	001	Salaried
717590	Stanek, Thomas	853	Corporate Northbrook	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	E	006230	Payroll	001	Salaried
101140	Brown, Suzanne Lee	55C	Statewide South Carolina	853	Corporate Northbrook	Corporate	COR	FYH	Corporate Salary	S	006230	Payroll	001	Salaried

Source:

141 Active Employee Job List, effective May 24, 2016 | KAYSTONE-002926 - 26501

Jacque Lucas, et al. v. KapStone Paper and Packaging Corporation, et al.
Summary of Legal Contract Review and Signing Authority Policy^{[a],[b]}

Confidentiality Agreements				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
IT	Christophe Deslandes	N/A	N/A	N/A
IT	Rick Zimmerman	IT Admin	Corporate Northbrook	Corporate Northbrook
Mergers, acquisitions and	Roger Stone	CEO	Corporate Northbrook	Corporate CEO-CFO Office
Mergers, acquisitions and	Matt Kaplan	CEO	Corporate Northbrook	Corporate CEO-CFO Office
Engineering/Technical (mill and	Pat Ortiz	Mill HQ Admin	Longview Mill	Mill Headquarters
Engineering/Technical (mill and	Paramjit Singh	Mill HQ	Longview Mill	Mill Headquarters
Engineering/Technical (mill and	Theron Lambert	N/A	N/A	N/A
Engineering/Technical (mill and	Keith Wilhelm	Admin - Engineering	Corporate Northbrook	Corporate Container
Manufacturing (mill and container)	Bill Kessinger	Mill Operations General	Roanoke Rapids	Roanoke Rapids
Manufacturing (mill and container)	Jeff Yoder	Manufacturing Office	Charleston	Charleston
Manufacturing (mill and container)	Jeff Volker	Plant Burden	Cowpens	Cowpens
Manufacturing (mill and container)	Paul Duncan	Plant Burden	Longview Mill	Longview Mill
Manufacturing (mill and container)	Tim Keneally	Admin - General	Corporate Northbrook	Corporate Container
Manufacturing (mill and container)	Dan Blakely	N/A	N/A	N/A
Manufacturing (mill and container)	Scott Emslie	Admin - General	Longview Box	Longview Box
Financial disclosure	Andrea Tarbox	CFO	Corporate Northbrook	Corporate Northbrook
Financial disclosure	Mike Murphy	Asitrade	Spanish Fork	Spanish Fork
Sales (mill and container)	Tonie Meyers	Sales - Kraft and Containerboard	Roanoke Rapids	Mill Headquarters
Sales (mill and container)	Mark Favre	Admin - General	Corporate Northbrook	Corporate Container
Sales (mill and container)	Terry Jenkins	Sales - Kraft and Containerboard	Charleston	Mill Headquarters
Sales (mill and container)	Frank Neill	Admin - General	Charleston	Corporate Container
Sales (mill and container)	John Caplice	Sales - Corrugated	Statewide Virginia	Corporate Container
Sales (mill and container)	Kirk Matchey	Admin - General	Twin Cities	Corporate Container
Sales (mill and container)	Matt Peerboom	Admin - General	Longview Box	Corporate Container
Sales (mill and container)	Ben Walker	Sales - Kraft and Containerboard	Charleston	Mill Headquarters
Procurement (mill and container)	Eric Choltco	Procurement	Longview Mill	Mill Headquarters
Roll Stock & Containerboard	Frank Neill	Admin - General	Charleston	Corporate Container
Fiber Supply	David West	N/A	N/A	N/A
Transportation (mill and container)	Steve Sydow	Mill HQ Admin	Charleston	Mill Headquarters
Victory Packaging sales and purchases	Rob Egan	N/A	N/A	N/A

Customer Contracts				
Container Division, Mill Division				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
≥ \$30 million	Roger Stone	CEO	Corporate Northbrook	Corporate CEO-CFO Office
≥ \$30 million	Matt Kaplan	CEO	Corporate Northbrook	Corporate CEO-CFO Office
< \$30 million (container only)	Tim Keneally	Admin - General	Corporate Northbrook	Corporate Container
< \$30 million (mills only)	Randy Nebel	Mill HQ Admin	Longview	Mill Headquarters
≤ \$15 million (containerboard and kraft paper)	Tonie Meyers	Sales - Kraft and Containerboard	Roanoke Rapids	Mill Headquarters
≤ \$15 million (DuraSorb and Kraftpak)	Terry Jenkins	Sales - Kraft and Containerboard	Charleston	Mill Headquarters
≤ \$15 million (converting plants, paper trading and purchasing)	Frank Neill	Admin - General	Charleston	Corporate Container
≤ \$15 million (Summerville)	Donnie Bigham	Plant Burden	Summerville	Summerville
≥ \$15 million (Multiple converting plants)	Matt Kaplan	CEO	Corporate Northbrook	Corporate CEO-CFO Office
≥ \$15 million (Multiple converting plants)	Tim Keneally	Admin - General	Corporate Northbrook	Corporate Container
< \$10 million (Multiple converting plants)	John Caplice	Sales - Corrugated	Statewide Virginia	Corporate Container
< \$10 million (Multiple converting plants)	Kirk Matchey	Admin - General	Twin Cities	Corporate Container
< \$10 million (Multiple converting plants)	Mark Favre	Admin - General	Corporate Northbrook	Corporate Container
< \$10 million (Multiple converting plants)	Matt Peerboom	Admin - General	Longview Box	Corporate Container
> \$5 million (single converting plant)	Tim Keneally	Admin - General	Corporate Northbrook	Corporate Container
≤ \$5 million (single converting plant)	John Caplice	Sales - Corrugated	Statewide Virginia	Corporate Container
≤ \$5 million (single converting plant)	Kirk Matchey	Admin - General	Twin Cities	Corporate Container
≤ \$5 million (single converting plant)	Mark Favre	Admin - General	Corporate Northbrook	Corporate Container
≤ \$5 million (single converting plant)	Matt Peerboom	Admin - General	Longview Box	Corporate Container

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≤ \$5 million - kraft paper	Ben Walker	Sales - Kraft and Containerboard	Charleston	Mill Headquarters
≤ \$5 million - containerboard	Tom McCants	Sales - Kraft and Containerboard	Charleston	Mill Headquarters
≤ 1 year and ≤ \$1 million	Kris Rohme	Sales - Kraft and Containerboard	Longview Mill	Mill Headquarters
≤ 1 year and ≤ \$1 million	Joe Poole	Sales - Kraft and Containerboard	Longview Mill	Mill Headquarters
Victory Packaging				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
≥ \$20 million	Roger Stone	CEO	Corporate Northbrook	Corporate CEO-CFO Office
≥ \$20 million	Matt Kaplan	CEO	Corporate Northbrook	Corporate CEO-CFO Office
< \$20 million	Ben Samuels	N/A	N/A	N/A
< \$20 million	Bob Egan	N/A	N/A	N/A
< \$20 million	Leah Borello	N/A	N/A	N/A
< \$500,000	Rick Bruns	N/A	N/A	N/A
< \$500,000	Brandon Egan	N/A	N/A	N/A
< \$500,000	Pat Higgins	N/A	N/A	N/A
< \$500,000	Pepe Fernandez	N/A	N/A	N/A
< \$500,000	Jeremy Samuels	N/A	N/A	N/A
< \$500,000	John Kaiser	N/A	N/A	N/A
< \$500,000	Sarah Koehl	N/A	N/A	N/A
< \$500,000	Fred Brown	N/A	N/A	N/A
< \$500,000	Rob McAuley	N/A	N/A	N/A
< \$500,000	Umar Abbas	N/A	N/A	N/A
Leases (Real, Personal)				
Container Division, Mill Division				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
Cost of lease > \$5 million	Roger Stone	CEO	Corporate Northbrook	Corporate CEO-CFO Office
Cost of lease > \$5 million	Matt Kaplan	CEO	Corporate Northbrook	Corporate CEO-CFO Office
Cost of lease < \$5 million	Andrea Tarbox	CFO	Corporate Northbrook	Corporate Northbrook
Cost of lease < \$5 million	Mike Murphy	Asitrade	Spanish Fork	Spanish Fork
Master Lease Agreements	Andrea Tarbox	CFO	Corporate Northbrook	Corporate Northbrook
Master Lease Agreements	Mike Murphy	Asitrade	Spanish Fork	Spanish Fork
Master Equipment Lease Schedule < \$5 million	Eric Cholico	Procurement	Longview Mill	Mill Headquarters
Victory Packaging				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
Cost of lease > \$5 million	Roger Stone	CEO	Corporate Northbrook	Corporate CEO-CFO Office
Cost of lease > \$5 million	Matt Kaplan	CEO	Corporate Northbrook	Corporate CEO-CFO Office
Cost of lease < \$5 million	Andrea Tarbox	CFO	Corporate Northbrook	Corporate Northbrook
Cost of lease < \$5 million	Mike Murphy	Asitrade	Spanish Fork	Spanish Fork
Procurement Contracts, Purchase Orders, Statements of Work, Consulting Contracts				
Corporate				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
≥ \$10 million	Roger Stone	CEO	Corporate Northbrook	Corporate CEO-CFO Office
≥ \$10 million	Matt Kaplan	CEO	Corporate Northbrook	Corporate CEO-CFO Office
< \$10 million	Andrea Tarbox	CFO	Corporate Northbrook	Corporate Northbrook
< \$10 million	Kathryn Ingraham	Legal	Corporate Northbrook	Corporate Northbrook
< \$10 million	Michael Murphy	Asitrade	Spanish Fork	Spanish Fork
< \$100,000 and ≤ 1 year	Colin Connor	Internal Audit	Corporate Northbrook	Corporate Northbrook
< \$100,000 and ≤ 1 year	Christophe Destandes	N/A	N/A	N/A
< \$100,000 and ≤ 1 year	Patra Hadley	CFO	Corporate Northbrook	Corporate Northbrook
< \$100,000 and ≤ 1 year	Jeff Huckestein	Mill HQ Admin	Longview Mill	Mill Headquarters
< \$100,000 and ≤ 1 year	Kelly Hulseman	CFO	Corporate Northbrook	Corporate Northbrook
< \$100,000 and ≤ 1 year	Therese Lovry	Human Resources	Corporate Northbrook	Corporate Northbrook
< \$100,000 and ≤ 1 year	Mark Niehus	Corporate Controller	Corporate Northbrook	Corporate Northbrook
< \$100,000 and ≤ 1 year	Rick Zimmerman	IT Admin	Corporate Northbrook	Corporate Northbrook
Victory Packaging				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
≥ \$20 million	Roger Stone	CEO	Corporate Northbrook	Corporate CEO-CFO Office
≥ \$20 million	Matt Kaplan	CEO	Corporate Northbrook	Corporate CEO-CFO Office
< \$20 million	Ben Samuels	N/A	N/A	N/A
< \$20 million	Bob Egan	N/A	N/A	N/A
< \$20 million	Leah Borello	N/A	N/A	N/A
< \$500,000	Rick Bruns	N/A	N/A	N/A
< \$500,000	Brandon Egan	N/A	N/A	N/A
< \$500,000	Sarah Koehl	N/A	N/A	N/A

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< \$500,000	Pat Higgins	N/A	N/A	N/A
< \$500,000	Pepe Fernandez	N/A	N/A	N/A
< \$500,000	Jeremy Samuels	N/A	N/A	N/A
< \$500,000	Fred Brown	N/A	N/A	N/A
< \$500,000	Rob McAuley	N/A	N/A	N/A
< \$500,000	Umar Abbas	N/A	N/A	N/A
< \$500,000	John Kaiser	N/A	N/A	N/A

Merger, Acquisition, Divestiture				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
Merger, Acquisition, Divestiture	Roger Stone	CEO	Corporate Northbrook	Corporate CEO-CFO Office
Merger, Acquisition, Divestiture	Matt Kaplan	CEO	Corporate Northbrook	Corporate CEO-CFO Office

Treasury Related Contracts				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
Credit Agreements, Security Agreements, Guaranties, Insurance Policies, Loans	Andrea Tarbox	CFO	Corporate Northbrook	Corporate Northbrook

Procurement Contracts, Purchase Orders, Statements of Work, Consulting Contracts				
Container Division, Mill Division				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
Rail	Randy Nebel	Mill HQ Admin	Longview	Mill Headquarters
Ocean - Master Agreement				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
> \$5 million	Randy Nebel	Mill HQ Admin	Longview	Mill Headquarters
> \$5 million	Bruce Hoffman	Mill HQ Admin	Charleston	Mill Headquarters
> \$5 million	Steve Sydow	Mill HQ Admin	Charleston	Mill Headquarters
Schedule or Amendment to Master Agreement	Steve Sydow	Mill HQ Admin	Charleston	Mill Headquarters
Motor Carrier, Broker	Steve Sydow	Mill HQ Admin	Charleston	Mill Headquarters
Motor Carrier, Broker	Mark Favre	Admin - General	Corporate Northbrook	Corporate Container
Motor Carrier, Broker	Kirk Matchey	Admin - General	Twin Cities	Corporate Container
Motor Carrier, Broker	Matt Peerboom	Admin - General	Longview Box	Corporate Container
Warehouse Services (Mill)	Steve Sydow	Mill HQ Admin	Charleston	Mill Headquarters
Warehouse Services (Converter Plants)	Kirk Matchey	Admin - General	Twin Cities	Corporate Container
Warehouse Services (Converter Plants)	Mark Favre	Admin - General	Corporate Northbrook	Corporate Container
Warehouse Services (Converter Plants)	Matt Peerboom	Admin - General	Longview Box	Corporate Container

Environmental Permit Applications				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
Environmental Permit Applications	Jeff Yoder	Manufacturing Office	Charleston	Charleston
Environmental Permit Applications	Duane Mummert	N/A	N/A	N/A
Environmental Permit Applications	Donnie Bigham	Plant Burden	Summerville	Summerville
Environmental Permit Applications	Michael Knudson	Environmental Services	Roanoke Rapids	Roanoke Rapids
Environmental Permit Applications	Jack Gillen	Admin - Safety	Statewide Indiana	Corporate Container

Wood Procurement, Land Management				
Master Wood Purchase and Service Agreements				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
≤ 3 years	Dave West	N/A	N/A	N/A
≤ 3 years	Bernard Rose Forester	Fiber Supply	Roanoke Rapids	Roanoke Rapids
≤ 3 years	Jeff Marthaller	N/A	N/A	N/A
≤ 3 years	Mike Chodnicki	N/A	N/A	N/A
Addendums and Purchase Orders to Master				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
≤ 3 years (Roanoke)	Bernard Rose Forester	Fiber Supply	Roanoke Rapids	Roanoke Rapids
≤ 3 years (Longview)	Jeff Marthaller	N/A	N/A	N/A

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Summary of Legal Contract Review and Signing Authority Policy^{[a],[b]}

Sale of Timber Products				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
> 3 years	Jeff Yoder	Manufacturing Office	Charleston	Charleston
> 3 years	Bill Kessinger	Mill Operations General	Roanoke Rapids	Roanoke Rapids
> 3 years	David West	N/A	N/A	N/A
> 3 years	Bernard Rose Forester	Fiber Supply	Roanoke Rapids	Roanoke Rapids
≤ 3 years	Jeff Marthaller	N/A	N/A	N/A
Stumpage purchase contracts and bids – Longview				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
Stumpage purchase contracts and bids	Randy Nebel	Mill HQ Admin	Longview	Mill Headquarters
Stumpage purchase contracts and bids	David West	N/A	N/A	N/A
Stumpage purchase contracts and bids	Jeff Marthaller	N/A	N/A	N/A
Stumpage purchase contracts and bids	Kathy Troupe	Fiber Supply	Longview Mill	Longview Mill
Recycled Fiber - Purchases				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
Recycled Fiber - Purchases	Randy Nebel	Mill HQ Admin	Longview	Mill Headquarters
Recycled Fiber - Purchases	David West	N/A	N/A	N/A
Recycled Fiber - Purchases	Jan Clelland	Fiber Supply	Longview Mill	Longview Mill
Recycled Fiber – Sales				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
Recycled Fiber – Sales	Randy Nebel	Mill HQ Admin	Longview	Mill Headquarters
Recycled Fiber – Sales	David Van Swol	Admin Finance	Corporate Northbrook	Corporate Container
Recycled Fiber – Sales	Jan Clelland	Fiber Supply	Longview Mill	Longview Mill
Sale and Surplus Equipment				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
≥ \$500,000 (Mills)	Randy Nebel	Mill HQ Admin	Longview	Mill Headquarters
≥ \$500,000 (Converting Plants)	Tim Keneally	Admin - General	Corporate Northbrook	Corporate Container
< \$100,000 and < \$500,000 (Mills)	Pat Ortiz	Mill HQ Admin	Longview Mill	Mill Headquarters
< \$100,000 and < \$500,000 (Converting Plants)	David Van Swol	Admin Finance	Corporate Northbrook	Corporate Container
< \$100,000	Eric Cholico	Procurement	Longview Mill	Mill Headquarters
Employee-related Contracts				
Type of Contact	Persons Authorized to Sign	Payroll Dept	Location	Reports to
Employee-related Contracts	Andrea Tarbox	CFO	Corporate Northbrook	Corporate Northbrook
Employee-related Contracts	Matt Kaplan	CEO	Corporate Northbrook	Corporate CEO-CFO Office

Sources:

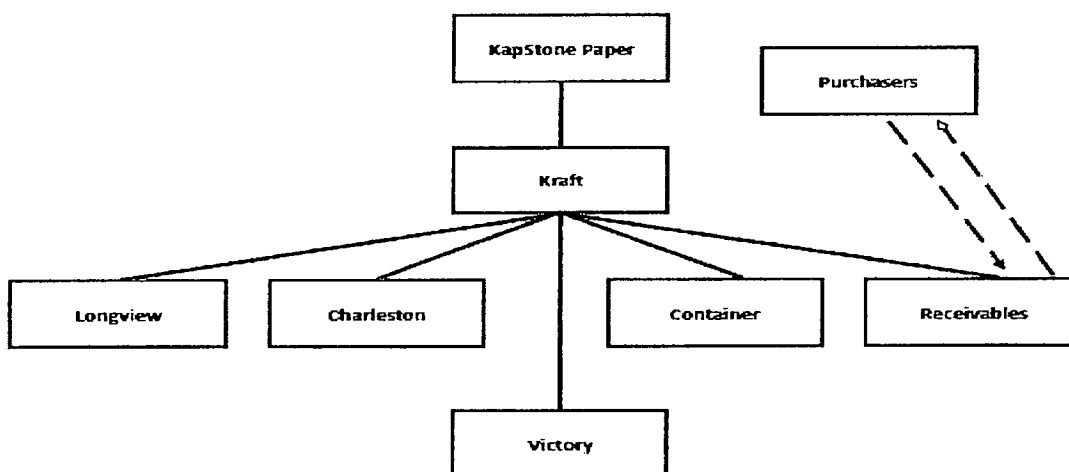
^[a] KapStone Paper and Packaging Corporation and its subsidiaries Legal Contract Review and Signing Authority Policy, revised November 2, 2015 [KAPSTONE - 001969-197]

^[b] Active Employee Job List, effective May 24, 2016 [KAPSTONE - 002596-2650]

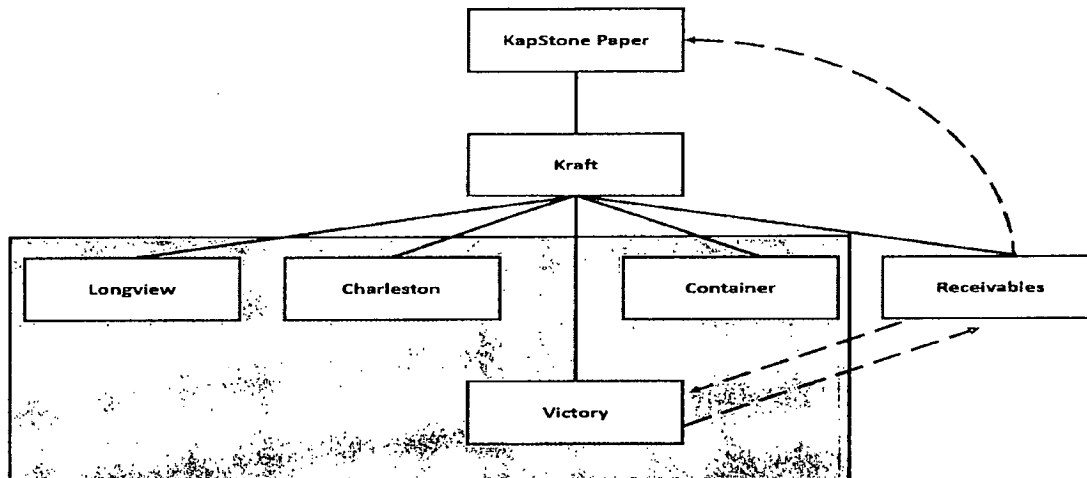
Jacque Lucas, et al. v. KapStone Paper and Packaging Corporation, et al.

Receivables Purchase Agreement and Receivables Sale Agreement Structure - Intercompany Transfers^[a]

Receivables Purchase Agreement^[1]



Receivables Sale Agreement^[2]



Notes:

- ^[1] Each Purchaser purchases its "Percentage" of the accounts receivable offered from time to time, up to the "Facility Limit" in the aggregate.
- ^[2] Each of the "Originators" sells 100 percent of its accounts receivable to Receivables in exchange for cash and/or a promissory note in the amount of 99 percent of the face value of the accounts receivables sold. Receivables pays purchase price for the accounts receivable purchased to KapStone Paper for the benefit of the Originators. If cash is insufficient to pay, then the balance of the Originator's promissory note increases.

Source:

- ^[a] Kapstone Paper and Packaging Corp. Receivables Securitization Transaction Structure Chart [KAPSTONE-000358-362]

Jacque Lucas, et al. v. KapStone Paper and Packaging Corporation, et al.
Example KapStone Policies and Procedures

Corporate Policies and Procedures				
Accounting Controls				
Bates No. (Source)	Description	Purpose	Applies to	Issued By
KAPSTONE-001889-001892	Credit Policy	Managing credit limits and payment terms for KapStone's customers.	All product sales and affects any KapStone employee/agent responsible for the sale, contract approval, order acceptance, scheduling and shipment of a product.	Corporate Controller
KAPSTONE-001893-001896	Collection Policy	Managing KapStone's collections and determining uncollectible accounts.	All product sales and affects any KapStone employee/agent responsible for the sale, contract approval, order acceptance, scheduling and shipment of a product.	The title page refers to "KapStone Paper and Packaging Corporation"
KAPSTONE-001943-001944	Financial Derivatives Policy	Requirements on: (1) using financial derivatives to manage KapStone's business risk; and (2) compliance with ASC 815.	Any KapStone employee/agent responsible for financial derivatives.	The title page refers to "KapStone Paper and Packaging Corporation"
KAPSTONE-001945-001946	Investment Policy	Investing KapStone's excess cash.	Any KapStone employee/agent responsible for cash management.	The title page refers to "KapStone Paper and Packaging Corporation"
KAPSTONE-001994-001996	Financial Accounting and Approval of Lease Policy	Securing and recording leases for KapStone and/or its subsidiary(ies).	Any KapStone employee/agent responsible for the procurement, review, approval and accounting of leases.	The title page refers to "KapStone Paper and Packaging Corporation"
Employee Conduct				
Bates No.	Description	Purpose	Applies to	Issued/ Approved/ Adopted by
KAPSTONE-000414-000427	Employee Handbook	Includes Anti-Bribery Policy, Code of Conduct, Corporate Governance guidelines.	Officers, employees, agents, or other intermediaries acting on KapStone's behalf.	Issued by KapStone Paper and Packaging Corporation, Office of the General Counsel.
KAPSTONE-002082-002094	Code of Conduct and Ethics	Business practices and procedures.	All directors, officers and employees of the Company.	Approved by Audit Committee and Nominating and Governance Committee.
KAPSTONE-002095	Roles and Responsibilities	Corporate governing guidelines for the Board, Chairman, CEO and management.	KapStone's Board of Directors, Committee members.	Adopted by KapStone's Board of Directors.
Employee Benefits				
Bates No.	Description	Purpose	Application	Issued By
KAPSTONE-000149-000192	Benefits Overview	Description of the health and welfare benefits.	KapStone Paper and Packaging salaried and non-bargained hourly employees.	The "KapStone" logo is displayed on each page of the presentation. KapStone Benefit Center is listed as the contact.
KAPSTONE-000322-000327	Insurance Policy	Workers Compensation, Employers Liability Insurance.	KapStone Paper, KapStone Kraft, KapStone Recoverables, KapStone Charleston, KapStone Container, Longview Fibre Paper & Packaging, and any subsidiary, corporation, JV, partnership, LLC or entity owned/operated/managed or financially controlled by any of the above.	Sentry Casualty Company, KapStone Paper and Packaging Corporation (Insured Name).
KAPSTONE-000997-001004	Group Health & Welfare Plan	Description of the health and welfare benefits.	Charleston Union Employees	KapStone Paper and Packaging Corporation / KapStone Benefit Center
KAPSTONE-001117-1143	Benefit Retirement Plan	Description of available benefit plans, eligibility, enrollment.	Charleston Bargained Employees (title page); "Current employees of KapStone" (page 3)	KapStone Paper and Packaging Corporation
KAPSTONE-001144-001151	401(k) Plan	Summary plan description of retirement options, eligibility, enrollment.	Charleston Union Employees	KapStone Paper and Packaging Corporation
IT				
Bates No.	Description	Purpose	Application	Issued By
KAPSTONE-001997-2081	IT Policies Portfolio	Management of user accounts.	All KapStone Paper and Packaging, and subsidiaries, employees	KapStone Paper and Packaging Corporation
KAPSTONE-001921-001923	Computer Software Policy	Account for the costs of internal-use computer software.	All units of the Company	Corporate Accounting
Physical Inventory				
Bates No.	Description	Purpose	Application	Issued By
KAPSTONE-001902-001909	Storeroom Assets Policy	Procedures to account for and verify Storeroom Assets.	All Mills of the Company	Corporate Controller
KAPSTONE-001901	Liquor Inventory Policy	GAAP-compliant procedures for liquid inventory.	Charleston and Roanoke Rapids paper mills	Corporate Controller
KAPSTONE-001899	Cycle Counts and Physical Inventories Policy	Procedures for annual verification of physical inventories.	All Mills of the Company	Corporate Controller

Job No. 3188690

1 STATE OF SOUTH CAROLINA

COURT OF COMMON PLEAS

2 COUNTY OF CHARLESTON

3 JACQUE LUCAS, SHIRLEY ANN LUCAS and DANIEL SIMERLY,
4 Plaintiffs,

5 vs.

C/A NO. 2017-CP-10-838

6 KAPSTONE PAPER AND PACKAGING CORPORATION, KAPSTONE
7 KRAFT PAPER CORPORATION, SAFWAY GROUP HOLDINGS,
8 LLC; EASY WAY INSULATION CO., INC.; SYPRIS
TECHNOLOGIES, INC. f/k/a TUBE-TURNS TECHNOLOGIES,
INC.; THOMPSON CONSTRUCTION GROUP, INC. and
THOMPSON INDUSTRIAL SERVICES, LLC,
Defendants.

9
10 DEPOSITION OF: 30(b)(6)
KAPSTONE PAPER AND PACKAGING
11 CORPORATION
(MARK NIEHUS)

12 DATE: January 8, 2019

13 TIME: 10:05 a.m.

14 LOCATION: Young Clement Rivers, LLP
15 25 Calhoun Street, Suite 400
16 Charleston, SC

17 TAKEN BY: Counsel for the Plaintiffs

18 REPORTED BY: PATRICIA L. THOMPSON,
19 Registered Professional Reporter
20
21
22
23
24
25

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1 A. Yes, it is. 2 Q. So, for instance, let's talk about 3 Victory. Okay? What is that legal entity? 4 A. Victory Packaging. 5 Q. Victory Packaging, LLC? 6 A. No. It's not an LLC. 7 Q. What is it? 8 A. I believe it's an LP. 9 Q. Okay. Victory Packaging Limited 10 Partnership? 11 A. LP. Yes. 12 Q. One of the things that happens when you 13 have separate entities -- if Victory Packaging, LP 14 were to go bankrupt, it would not bankrupt KapStone 15 Charleston Kraft, LLC; correct? 16 A. No, it would not. 17 Q. And that's because they're separate and 18 distinct legal entities; correct? 19 A. Yes. 20 Q. And that's one of the reasons why 21 they're formed that way; correct? 22 MR. DUCAYET: Objection to the form. 23 Q. (Continued) There might be many, but 24 that's one that you know of? 25 MR. DUCAYET: Object to the form of the Page 66	1 debt agreements for KapStone Charleston Kraft, LLC? 2 A. There are no debt agreements for 3 KapStone Charleston Kraft. 4 Q. Okay. Do you have any debt agreements 5 for KapStone Paper Corporation -- KapStone Kraft 6 Paper? 7 A. Yes. 8 Q. Were those in the binders? 9 A. I don't believe they were. I have seen 10 them before. 11 Q. I'm sure you've seen them. 12 A. But I don't -- I would have to double 13 check the index. 14 Q. What I'm trying to figure out -- make 15 sure we're on the same page. 16 What you're saying is as part of your 17 job you've seen one before; correct? 18 A. A debt agreement? 19 Q. Yes. 20 A. Yes; by all means. 21 Q. And look through the index and let me 22 know if you see one in there. 23 A. (Witness complies.) Okay. I've looked 24 through the exhibit. Included in the exhibits is 25 the KapStone 10-K that was filed with the SEC. An Page 68
1 question. 2 A. It could be. 3 Q. And from another standpoint, what it 4 would also do is make the separate entities not 5 share any debt of the others; correct? 6 MR. DUCAYET: Object to the form of the 7 question. 8 A. Yes, I think so. 9 Q. What I mean by that is KapStone 10 Charleston Kraft, LLC wouldn't share any debt that 11 was acquired by some other separate legal entity; 12 correct? 13 A. Yes, but generally all the assets of 14 the company -- of the entire corporation are 15 pledged as part of our debt agreements. 16 Q. Well, regardless of -- your debt 17 agreements may say what the debt agreements say. 18 I'm just talking from a legal entity standpoint. 19 A. Yes. 20 Q. So what I'm saying was true from that 21 standpoint; correct? 22 A. Yes, I think so. 23 MR. DUCAYET: Object to the form. 24 BY MR. FINDLEY: 25 Q. Where are the -- do you have all the Page 67	1 exhibit to that 10-K was the term loan agreement 2 between KapStone Kraft Paper Corporation and our 3 banking group, and then in addition in the exhibits 4 there is mention of our receivables and our sales 5 agreements for our receivables financing. 6 Q. You have to tell me which ones 7 you're -- 8 A. Oh, sure. 9 Q. The first one you just mentioned, the 10 10-K? 11 A. The 10-K. 12 Q. What is the Bates number? 13 A. It's Item 347, the 10-K for 2016. And 14 included in our 10-K is an exhibit listing which 15 referencing the debt agreement that KapStone Kraft 16 Paper Corporation has with our banking group. 17 Q. You're talking about the one-page 18 document, 347? 19 A. Well, that means the entire 10-K, I 20 believe. 21 Q. What does the number say? 22 A. It says 347. 23 Q. To what? 24 A. Right here. 25 Q. Right. And I'm pulling up your binder, Page 69

18 (Pages 66 - 69)

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1 A. Okay. 2 Q. But as far as we sit here today, who 3 the managers -- whether it's a safety manager or 4 otherwise at the KapStone North Charleston plant, 5 you don't know their identities or who they worked 6 for as we sit here today. Is that fair? 7 A. Yes. 8 Q. Is there a safety manager at your 9 employer, KapStone Paper and Packaging Corporation? 10 A. In North Brook? 11 Q. Yes. 12 A. No. We don't have a safety manager in 13 North Brook. 14 Q. Okay. Is there a safety manager at 15 KapStone Paper -- KapStone Kraft Paper Corporation? 16 A. In Roanoke Rapids, yes. 17 Q. Okay. Well, let's start here. 18 With the legal entity KapStone Paper -- 19 KapStone Kraft Paper Corporation has their own 20 safety manager; correct? 21 A. Yes. 22 Q. And that safety manager would be in 23 Roanoke? 24 A. Yes. 25 Q. I assume they have their own engineers. Page 74	1 person for KapStone Kraft Paper, but that would be 2 in Roanoke? 3 A. Yes. 4 Q. Is there one environmental, health and 5 safety manager within KapStone Paper and Packaging 6 Corporation? Or do you know? 7 A. I don't know for sure, but we do have a 8 corporate safety department composed of three 9 individuals. I don't know what their exact titles 10 are. 11 Q. Fair enough. And that corporate safety 12 department that you're speaking of is in North 13 Brook? 14 A. Well, no; it's not in North Brook. The 15 three people who are part of that department are 16 all located off site. 17 Q. Where? 18 A. They work out of their homes. 19 Q. Okay. And I've seen this with other 20 people. Do you know who Georgia Pacific is? 21 A. Certainly. 22 Q. And do you know how their model works? 23 A. No, I don't. 24 Q. Well, I'll give you an example. 25 Georgia Pacific sometimes has Page 76
1 Maybe two. 2 A. Yes, they do. 3 Q. And those engineers would be located -- 4 when I say "they," just to make sure we're clear 5 for the record, we have their own engineers -- 6 KapStone Kraft Paper Corporation has its own 7 engineers. Yes? 8 A. Yes. 9 Q. And those engineers that work for 10 KapStone Kraft Paper Corporation are located in 11 Roanoke? 12 A. Roanoke Rapids, North Carolina. Yes. 13 Q. Okay. And they're also, I guess -- 14 have you heard the term -- well, HSC or -- there 15 are different acronyms for it, but Environmental, 16 Health and Safety? 17 A. I'm familiar with it. General 18 understanding. 19 Q. Is there an environmental, health and 20 safety person at KapStone Charleston Kraft? 21 A. I believe so. 22 Q. Okay. And that would be in North 23 Charleston? 24 A. North Charleston, yes. 25 Q. An environmental, health and safety Page 75	1 individuals who are, I guess, corporate health and 2 safety advisers; and they can work out of their 3 homes or various locations, but they are employed 4 by the corporation. Okay? 5 Is that what you're saying, the 6 corporate safety department within KapStone Paper 7 and Packaging Corporation are employees of KapStone 8 Paper and Packaging Corporation and they work out 9 of their homes at off site locations? 10 A. Yes. 11 Q. Okay. When you say they work out of 12 their homes, do you know where? 13 A. You know, only one. I know one works 14 in New Jersey. The other two, I don't know where 15 they live. 16 Q. Do you know their names? 17 A. I know some of them. 18 Q. There is only three. 19 A. Yeah. The vice-president is Mike 20 Cszreick. C-S-Z-R-E-I-C-K, I think. And the other 21 two I can't recall. 22 Q. Fair enough. Is Mike the one that's in 23 New Jersey? 24 A. Yes. 25 Q. And you understand there is other Page 77

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1 The only clarifying point I would make 2 in the comment you made about the purchase orders 3 is there is a centralized group on behalf of our 4 entire mill system -- remember, we have four 5 different paper mills. So it's the centralized 6 group that determines where the product is made. 7 Because we have the flexibility of producing a 8 purchase order at multiple paper mills. So we'll 9 determine based upon various factors where it 10 should be produced. 11 Q. Okay. Well, as far as what those 12 purchase order says or what decisions are made 13 regarding that, that's not something that you do on 14 a day-to-day basis; correct? 15 A. No. I don't do that. 16 Q. As far as the details involving that, 17 that's not something you're here to testify about 18 on behalf of KapStone Paper and Packaging 19 Corporation. Fair? 20 A. Fair. Correct. 21 Q. In fact, we don't even have any 22 purchase orders here to talk about, do we? 23 A. I don't think there is any in the 24 binders. 25 Q. Well, if there are any in this room you Page 86	1 A. No. I live in North Brook, Illinois. 2 Q. I assume North Brook is just a suburb 3 of Chicago. 4 A. Yes. 5 Q. How many employees are there at 6 KapStone Paper and Packaging Corporation? 7 A. There is about 160 employees at 8 KapStone Paper and Packaging. 9 Q. And they would all be in the North 10 Brook and surrounding areas? 11 A. No. I would say probably about half 12 work in North Brook and the other half work in 13 other locations. 14 Q. Okay. What other locations? 15 A. Oh, numerous locations. We have -- 16 Q. Before we get down this road, do you 17 have a document that lists out those locations that 18 you've seen that I could refer to while you're 19 talking? 20 If you don't, that's fine. I didn't 21 want to interrupt you, but I was just wondering. 22 A. I'm trying to recall. There may be a 23 document in the binder that lists all of our 24 locations. 25 Q. I've seen all of the locations that Page 88
1 and I haven't seen them; right? Is there any -- I 2 guess one of the things I wanted to -- never mind. 3 I'll come back to that. 4 Have you read the Posh case, by the 5 way? 6 A. No, I have not. 7 Q. Are you familiar with the entities 8 involved in Posh? 9 A. I'm trying to remember. I thought it 10 was Monsanto. 11 Q. No. Bay Core? 12 A. Okay. Then I'm not familiar. 13 Q. Okay. Well, in the Posh case there was 14 a corporation that opened up a corporation for the 15 specific fulfillment of a contract for the state. 16 Okay? That's not what we have here, is it? 17 MR. DUCAYET: Object to the form of the 18 question. 19 Q. (Continued) You didn't open up any of 20 these entities or create them for the purpose of 21 fulfilling one specific contract. True? 22 A. Yes. I think that would be fair to 23 say. 24 Q. Where do you live, by the way? 25 Chicago? Page 87	1 exist as far as Houston, Belgium, Hong Kong. 2 Whatever. What I'm trying to figure out is the 3 people who are -- well, I talked about this with 4 Hulseman. 5 The people who are actually employed by 6 KapStone Paper and Packaging Corporation have 7 paychecks from that company; right? 8 A. Yes. 9 Q. And if I wanted to know the locations 10 or the identity of those people, it could be sorted 11 by who their payroll employer is? 12 A. Yes, it is. 13 Q. As far as what those -- where all of 14 those people are located, as we sit here today are 15 you able to testify to the location of all of them 16 or would it be kind of an assumption on your part? 17 A. I have a general understanding of where 18 they all work. I can't say for all approximately 19 80 of those individuals where they actually work 20 because some of them work at a specific KapStone 21 location and some of them work out of their homes. 22 Q. Okay. Do you know what type of 23 positions they hold? 24 A. They're primarily people in our IT 25 department and our corporate safety department. Page 89

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1 BY MR. DUCAYET: 2 Q. You can put that away. 3 Mr. Findley also asked you about a 4 document that had a redacted list of employees. Do 5 you remember that? 6 A. Yes, I do. 7 Q. And once again, he asked if you had 8 ever seen an unredacted list of employees. Do you 9 remember that? 10 A. Yes, I do. 11 Q. And once again, would looking at the 12 schedule to your affidavit help refresh your 13 recollection as to whether or not you did in fact 14 review an unredacted list of employees? 15 MR. FINDLEY: Leading; form; asked and 16 answered. 17 A. Yes, it would. 18 Q. I want to ask you -- keep that page in 19 front of you that you were just looking at and 20 you'll see KapStone 1188. 21 A. Yes. 22 Q. Do you see that? 23 A. Yes. 24 Q. And what is the document description 25 for that? Page 114	1 Q. Put that aside. 2 Mr. Findley asked you some questions 3 about an employee handbook that was dated 4 1/27/2017. Do you remember that? 5 A. Yes, I do. 6 MR. DUCAYET: I'm going to mark this 7 next in order. 8 (DFT. EXHIBIT 3, KapStone Paper and 9 Packaging Corporation Employee Handbook, KapStone 10 000216 - 258, marked for identification.) 11 BY MR. DUCAYET: 12 Q. Do you know if that handbook was in 13 place and in effect as of May of 2016? 14 MR. FINDLEY: Object to the form. 15 Q. (Continued) And let me just direct 16 your attention to Page 221. 17 MR. FINDLEY: Object to form. Leading. 18 A. Yes. On Page 5 of the handbook it says 19 it is effective January 1st, 2015. 20 Q. So to your understanding -- well, do 21 you have any understanding as to whether or not the 22 policies that are set forth in that handbook were 23 in effect as of the time of the accident in May of 24 2016? 25 A. Yes. Page 116
1 A. "List of KapStone Paper and Packaging 2 Employees Located in Charleston May 2016." 3 MR. FINDLEY: Object to form. 4 MR. DUCAYET: Let's mark that as next 5 in order. 6 (DFT. EXHIBIT 2, two-page document, 7 KapStone 001188 - 1189, marked for identification.) 8 BY MR. DUCAYET: 9 Q. What is Exhibit 2? 10 A. Exhibit 2 is a listing of employees 11 that includes the employee ID number, their name, 12 their company code, the company description, the 13 work location code, the work location description, 14 the reporting location code, the reporting location 15 description, the job title, the last hire date, the 16 employee termination date, the employee hire date 17 and the employee rehire date, and there is two 18 pages that list different employees. 19 Q. Was any of that information redacted? 20 A. No, it is not. 21 Q. Did you review that list in connection 22 today with your affidavit? 23 MR. FINDLEY: Leading; form; asked and 24 answered. 25 A. Yes, I did. Page 115	1 MR. FINDLEY: Object to form; leading. 2 BY MR. DUCAYET: 3 Q. You can put that aside. 4 Mr. Findley asked you some questions 5 about whether or not the lawsuit we're all here for 6 had to be disclosed in connection with the merger 7 with West Rock. Do you remember that? 8 A. Yes. 9 Q. And you said something about the 10 lawsuit being probable and estimable in terms of 11 the amount of the liability. 12 A. Yes; from an accounting perspective, if 13 any kind of liabilities were recorded. 14 Q. And I believe you testified that while 15 the lawsuit was disclosed, there wasn't a reserve 16 set. Is that fair? 17 A. Yes. That's fair. 18 Q. And why wasn't any reserve set? 19 A. Because according to accounting rules 20 under financial accounting standards it wasn't 21 deemed to be probable or estimable that the company 22 would have a loss. 23 Q. And why is that? 24 A. Because the feeling of the company was 25 that we weren't liable, that the accident was fully Page 117

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1 document that your lawyers generated in Defendant's 2 Exhibit 1 have you seen a piece of paper that lists 3 out the officers for KapStone Charleston Kraft, 4 LLC? 5 MR. DUCAYET: Objection. Asked and 6 answered. 7 A. Other than that document I can't 8 recall. 9 Q. Okay. So other than the document that 10 was generated by your lawyers as Defendant's 11 Exhibit 1 you have no recollection of ever seeing 12 another document that has officers listed for 13 KapStone Charleston Kraft, LLC. True? 14 A. Yes. 15 MR. DUCAYET: Object to the form of the 16 question. 17 BY MR. FINDLEY: 18 Q. And going with that same line of 19 questioning, for Defendant's Exhibit 1, generated 20 by your attorneys, you've never seen any other 21 pieces of paper that designates the officers for 22 KapStone Kraft Paper Corporation for May 2015; 23 correct? 24 A. 2016? 25 Q. Well, this says -- well, yeah. This Page 130	1 Q. Where do they keep those? 2 A. They have an electronic file. 3 Q. And the electronic -- are you talking 4 about in North Brook? 5 A. Yeah. 6 Q. So the minutes from the board meetings 7 for which entities are kept in this electronic 8 file? Or do you know? 9 A. I believe all entities. 10 Q. Okay. Where do these board meetings 11 take place? 12 A. In North Brook. 13 Q. Have you ever been to one? 14 A. No, I have not. 15 Q. Have you ever -- do you know when they 16 occur? 17 A. Yes; I do know. We publish a schedule. 18 And they're reviewed by our auditing firm, Ernst & 19 Young. They review all of our minutes of all of 20 our meetings as part of their annual audit. 21 Q. Okay. So we talked about KapStone 22 Charleston Kraft, LLC. Now I want to talk about 23 KapStone Kraft Paper Corporation. 24 Other than Defendant's Exhibit 1 have 25 you seen any legal documentation that shows who the Page 132
1 says 2016, but, I mean, it says since May 2015. 2 A. Well, what I have seen are minutes to 3 meetings generated by -- not -- it wasn't in the 4 deposition book, but, you know, when they prepare 5 the meeting minutes of electing the officers, I 6 have seen those minutes of our board, of those 7 meetings. 8 Q. You've seen minutes from board 9 meetings? 10 A. Oh, yes. 11 Q. Do you see them in any of the binders 12 in front of us? 13 A. No. I did not see any board minutes. 14 Q. But we do have minutes of board 15 meetings. Those are easily accessible; right? 16 A. Very easily. 17 Q. You could get those from your lawyers 18 and give them to me; right? 19 A. Yeah. 20 Q. But when you say "minutes of board 21 meetings," are they handwritten? Are they typed 22 up? 23 A. No. They're typed. 24 Q. Who types them? 25 A. Our legal department. Page 131	1 officers were in 2016? Other than this piece of 2 paper. 3 A. I have seen that. It was some years 4 ago and I don't remember the exact date. It's not 5 a document I look at every year. 6 Q. That's fine. But what I'm saying is as 7 far as it being contained in any of these 8 notebooks, you didn't see any? 9 A. No. 10 Q. As far as me having it -- I don't have 11 it; right? 12 A. I don't believe you have it because 13 it's not in those books. 14 Q. But as far as taking this sheet that 15 your lawyers made and going back to this legal 16 document you said you've seen and comparing the two 17 and making sure they match, you have not done that? 18 MR. DUCAYET: Objection to the form of 19 the question. 20 Q. (Continued) True? 21 A. Yes. 22 Q. Defendant's Exhibit 2, you were shown a 23 document that has got -- well, the document I 24 showed you that had redactions was five pages long; 25 right? Page 133

34 (Pages 130 - 133)