

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

LAWRENCE E. JAFFE PENSION PLAN, On)	Lead Case No. 02-C-5893
Behalf of Itself and All Others Similarly)	(Consolidated)
Situated,)	
) <u>CLASS ACTION</u>
Plaintiff,)	
) Judge Ronald A. Guzman
vs.)	Magistrate Judge Nan R. Nolan
)
HOUSEHOLD INTERNATIONAL, INC., et)	
al.,)	
)
Defendants.)	
_____)	

**THE CLASS' STATUS REPORT TO MAGISTRATE JUDGE NAN R. NOLAN IN
ADVANCE OF THE MARCH 12, 2007 STATUS CONFERENCE**

The Class submits this status report in advance of the March 12, 2007 Status Conference.

I. STATUS OF FACT DISCOVERY

A. Depositions

Since the last status conference, the Class has taken the two-day depositions of Individual Defendant David Schoenholz and Robin Allcock. One full-day Household deposition remains (Bobby Mehta) and, per the Court's March 5, 2007 Order, the supplemental deposition of Doug Friedrich to allow the Class to ask questions on subjects which Mr. Friedrich was improperly instructed by defendants not to answer. The depositions of John Keller and Chris Bianucci (previously scheduled for March 6 and March 8) have been postponed and not rescheduled on account of the uncertainties surrounding the Ernst & Young LLP ("E&Y") matters. Third-party Wells Fargo has completed document production, but there are some deposition scheduling issues. Third-party Morgan Stanley should commence its e-mail production shortly, and the parties hope to schedule that deposition early in the week of March 19. These matters are discussed in greater detail below.

1. Ernst & Young LLP Matters; Keller and Bianucci Depositions; and Expert Discovery Schedule

On February 27, 2007, the Court ordered defendants to review the E&Y Compliance Engagement work papers, produce all non-privileged documents and provide a privilege log by March 30, 2007. The Class seeks a modification of the February 27, 2007 Order to require defendants to produce all responsive documents and all privilege logs on a rolling basis. Given the volume of documents at issue, there is no reason to allow defendants to dump the lot on March 30. Defendants' failure to previously identify these documents already has resulted in substantial delay which can be mitigated at least somewhat by a rolling production. Accordingly, defendants should deliver to the Class the documents (and logs) in equal installments on March 15, March 22 and March 30.

In any event, if the production will not be completed until March 30, the Class will not be able to disclose experts and file their reports just four weeks later. First, the Class will need to review what appears to be a very large volume of documents. Next, the Class will need to distill those documents for use in the deposition of E&Y's Rule 30(b)(6) witness. Prior to the disclosure of the 425 boxes, the Class worked very hard to obtain deposition dates from E&Y a few weeks in advance of the initial March 30 expert discovery deadline, consistently voicing the importance of that deposition to its expert reports. That testimony is still crucial and must be synthesized before the Class can tender expert reports. The Class therefore requests a revised date for expert disclosures and, as noted below, proposes May 15, 2007.

On February 27, 2007, the Court revised the expert discovery schedule.¹ Dkt. No. 999. The Court pushed back expert discovery dates to allow defendants time to review and produce their recently disclosed 425 boxes of E&Y Compliance Engagement work papers. The Court modified the schedule it first established in the January 24, 2007 Order. Dkt. No. 934. The table set forth below illustrates the differences between the two schedules and sets forth the Class' proposal.

Event	January 24 Order	February 27 Order	Class' Proposal
Plaintiffs disclose experts, tender expert reports	March 30, 2007	May 1, 2007	May 15, 2007
Defendants disclose experts, tender expert reports	June 1, 2007	July 1, 2007	July 16, 2007
Plaintiffs disclose rebuttal experts, tender reports	June 29, 2007	[Not Established]	August 16, 2007
Expert discovery and depositions conclude	August 17, 2007	August 1, 2007	September 28, 2007

¹ The Order is dated February 27, 2007 but was entered and received by the parties March 5, 2007.

The Class believes the Court inadvertently omitted the Class' rebuttal phase of expert discovery. Concurrent with this report, the Class is filing a motion for reconsideration on that matter and other rulings made by the court in its February 27, 2007 Order.

Separately, the Class is cooperating with E&Y counsel to obtain whatever documentary evidence is left at E&Y, which E&Y counsel has told the Class is practically none or "nominal" at best.

2. Bobby Mehta

This deposition has been scheduled for April 10, 2007.

3. Doug Friedrich

On March 5, 2007, the Court ordered defendants to produce Mr. Friedrich for additional questions and to pay costs, fees and expenses associated with that deposition and with the filing of the related motion. Dkt. No. 1001. This supplemental deposition is scheduled for March 26, 2007.

4. Morgan Stanley

On February 16, 2007, Morgan Stanley and the Class reached an agreement in principle regarding e-mail production, which was finalized the following week. The Class then moved to withdraw its related motion, and the Court granted the withdrawal. Dkt. Nos. 966, 977. Counsel for the Class, Morgan Stanley and defendants spoke on February 16, 2007 about deposition scheduling. The parties agreed to try to schedule the deposition early in the week of March 19, with March 21 as the outside date. Morgan Stanley has not yet commenced document production but its outside counsel has received the e-mail data from Morgan Stanley and is presently reviewing the e-mails. The volume and timing of that production may affect the timing of the deposition.

5. Wells Fargo

Following the February 12, 2007 status conference, the Court ordered the Class "to notify Wells Fargo that it must produce a witness for deposition no later than 3/9/07." Dkt. No. 954. The

Class immediately notified Wells Fargo's counsel, who thereafter proposed the deposition occur on March 5, 2007, in Minneapolis, MN. The parties agreed to those arrangements. On March 2, 2007, counsel for Wells Fargo informed both defendants and the Class that he was unable to travel to the client's location, and prepare the witness as planned on account of a large storm that had impacted Minneapolis (where the witness was located) and Chicago (where counsel was located). Counsel for Wells Fargo proposed two additional dates – March 9 and March 15. Defendants stated they were “unavailable” on both dates. The parties called chambers on March 7 to request relief from the March 9 deadline. The Court granted relief. Dkt. No. 1005. The parties have requested additional dates from Wells Fargo's counsel. If the parties cannot obtain a mutually satisfactory deposition date to occur before April, the Class requests the Court permit the deposition to go forward on March 15, 2007.

II. MOTIONS

A. The Class' Motion for Protective Order

On February 13, 2007, the Class moved for a protective order, seeking relief from defendants' interrogatories filed on January 31, 2007. Dkt. No. 955. As noted in the Class' filings, defendants' last-minute demands are not supported by case law; the facts of this case; or defendants' own rationale. This matter has been fully briefed.

B. Defendants' Motion to Compel Responses to Interrogatories

On March 2, 2007, the Class filed its response to defendants' motion to compel responses to their eighth (by defendants' count, fifth) set of interrogatories. Defendants are expected to file their reply on March 9, 2007 at which point the matter will be fully briefed.

C. Motion for Reconsideration

Given the probative value of the E&Y documents to this case, the great resources the Class committed since last summer to obtain the documents at issue and then favorable rulings from this

Court and Judge Guzman, the incalculable prejudice the Class will suffer as a result of any discordant interpretation of those rulings at this time, and the breadth of discovery that has been negatively affected by defendants' failure to disclose the existence of 425 boxes of E&Y documents, the Class has filed its Motion for Reconsideration of the Court's February 27, 2007 Order (Dkt. No. 1010).

D. Stock Repurchase Motion

On February 7, 2007, the Class moved the Court to reconsider its January 24, 2007 Order and require defendants to cooperate with the Class to produce any documents representing Household's \$2.3 billion stock repurchase program. Dkt. No. 944. A few hours before defendants' reply to that motion was due, defendants provided the Class a list of stock repurchases that contains almost the exact columns of information described in the Class' October 12, 2006 document request. On February 23, 2007, the Class moved to withdraw its stock repurchase motion, which the Court granted. Dkt. Nos. 978, 980.

DATED: March 8, 2007

Respectfully submitted,

LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
PATRICK J. COUGHLIN (90785466)
AZRA Z. MEHDI (90785467)
D. CAMERON BAKER (154452)
MONIQUE C. WINKLER (90786006)
LUKE O. BROOKS (90785469)
JASON C. DAVIS (4165197)

s/ Luke O. Brooks

LUKE O. BROOKS

100 Pine Street, Suite 2600
San Francisco, CA 94111
Telephone: 415/288-4545
415/288-4534 (fax)

LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
WILLIAM S. LERACH
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: 619/231-1058
619/231-7423 (fax)

Lead Counsel for Plaintiffs

MILLER LAW LLC
MARVIN A. MILLER
LORI A. FANNING
101 North Wacker Drive, Suite 2010
Chicago, IL 60606
Telephone: 312/525-8320
312/525-8231 (fax)

Liaison Counsel

LAW OFFICES OF LAWRENCE G.
SOICHER
LAWRENCE G. SOICHER
110 East 59th Street, 25th Floor
New York, NY 10022
Telephone: 212/883-8000
212/355-6900 (fax)

Attorneys for Plaintiff

T:\CasesSF\Household Intl\STA00039910.doc

DECLARATION OF SERVICE BY EMAIL AND BY U.S. MAIL

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and employed in the City and County of San Francisco, over the age of 18 years, and not a party to or interested party in the within action; that declarant's business address is 100 Pine Street, Suite 2600, San Francisco, California 94111.

2. That on March 8, 2007, declarant served by electronic mail and by U.S. Mail to the parties the **CLASS' STATUS REPORT TO MAGISTRATE JUDGE NAN R. NOLAN IN ADVANCE OF THE MARCH 12, 2007 STATUS CONFERENCE**. The parties' email addresses are as follows:

TKavaler@cahill.com PSloane@cahill.com PFarren@cahill.com LBest@cahill.com DOwen@cahill.com	NEimer@EimerStahl.com ADeutsch@EimerStahl.com MMiller@MillerLawLLC.com LFanning@MillerLawLLC.com
--	--

and by U.S. Mail to:

Lawrence G. Soicher, Esq.
Law Offices of Lawrence G. Soicher
110 East 59th Street, 25th Floor
New York, NY 10022

David R. Scott, Esq.
Scott & Scott LLC
108 Norwich Avenue
Colchester, CT 06415

I declare under penalty of perjury that the foregoing is true and correct. Executed this 8th day of March, 2007, at San Francisco, California.

s/ Marcy Medeiros

MARCY M. MEDEIROS