

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

LAWRENCE E. JAFFE PENSION PLAN, ON
BEHALF OF ITSELF AND ALL OTHERS SIMILARLY
SITUATED,

Plaintiff,

- *against* -

HOUSEHOLD INTERNATIONAL, INC., ET. AL.,

Defendants.

Lead Case No. 02-C-5893
(Consolidated)

CLASS ACTION

Judge Ronald A. Guzman

**DECLARATION OF SUSAN BUCKLEY IN SUPPORT OF
HOUSEHOLD DEFENDANTS' *DAUBERT* MOTION TO EXCLUDE
THE "EXPERT" TESTIMONY OF CATHERINE A. GHIGLIERI,
CHARLES CROSS AND HARRIS L. DEVOR**

I, SUSAN BUCKLEY, declare as follows:

1. I am a member of the bar of the State of New York and a member of the firm Cahill Gordon & Reindel LLP, attorneys for Household International, Inc., William F. Aldinger, David A. Schoenholz and Gary Gilmer, Defendants in this action. I have been admitted to appear before this Court *pro hac vice*. I submit this declaration to place before the Court certain information and documents referenced in Defendants' *Daubert* Motion to Exclude "Expert" Testimony of Catherine A. Ghiglieri, Charles Cross and Harris L. Devor.

2. Attached hereto as Exhibit 1 is a true and correct copy of the corrected version of the Expert Report of Harris L. Devor (served on March 8, 2008).

3. Attached hereto as Exhibit 2 is a true and correct copy of the Deposition Transcript of Harris L. Devor (February 20, 2008), excerpted.
4. Attached hereto as Exhibit 3 is a true and correct copy of the Household International Annual Report (Form 10-K) (March 28, 2001).
5. Attached hereto as Exhibit 4 is a true and correct copy of the Deposition Transcript of Clifford Mizialko (August 10, 2006), excerpted.
6. Attached hereto as Exhibit 5 is a true and correct copy of document HHS 03127913.
7. Attached hereto as Exhibit 6 is a true and correct copy of the errata sheet and Deposition Transcript of Louis Levy (August 25, 2006), excerpted.
8. Attached hereto as Exhibit 7 is a true and correct copy of document HI KPMG 016990-017002.
9. Attached hereto as Exhibit 8 is a true and correct copy of document HHS 03070933-03070938.
10. Attached hereto as Exhibit 9 is a true and correct copy of the Deposition Transcript of Carin Rodemoyer (June 27, 2006), excerpted.
11. Attached hereto as Exhibit 10 is a true and correct copy of document HHS 02868604-2868605).
12. Attached hereto as Exhibit 11 is a true and correct copy of document HHS 02915307-02915314.

13. Attached hereto as Exhibit 12 is a true and correct copy of document HI KPMG 025974-025976.

14. Attached hereto as Exhibit 13 is a true and correct copy of document HHS 02111480-02111497.

15. Attached hereto as Exhibit 14 is a true and correct copy of document HHS 02139838-02139865.

16. Attached hereto as Exhibit 15 is a true and correct copy of HHS 02945173.

17. Attached hereto as Exhibit 16 is a true and correct copy of document HHS 02945188-02945190.

18. Attached hereto as Exhibit 17 is a true and correct copy of the Household International Quarterly Report (Form 10-Q) (August 14, 2002), excerpted.

19. Attached hereto as Exhibit 18 is a true and correct copy of document HHS 03468607-03468616.

20. Attached hereto as Exhibit 19 is a true and correct copy of document HHS 02140529-02140530.

21. Attached hereto as Exhibit 20 is a true and correct copy of document HHS 02140441-02140450.

22. Attached hereto as Exhibit 21 is a true and correct copy of document HHS 03129444-03129445.

23. Attached hereto as Exhibit 22 is a true and correct copy of the Deposition Transcript of David A. Schoenholz (March 1, 2007), excerpted.

24. Attached hereto as Exhibit 23 is a true and correct copy of Robin Deposition Exhibit 57.

25. Attached hereto as Exhibit 24 is a true and correct copy of Robin Deposition Exhibit 58.

26. Attached hereto as Exhibit 25 is a true and correct copy of Keller Deposition Exhibit 38.

27. Attached hereto as Exhibit 26 is a true and correct copy of document HHS 03468709-03468727.

I declare under penalty of perjury under the laws of the State of New York that the foregoing is true and correct.

Executed this 30th day of January, 2009, in New York, New York.


Susan Buckley

EXHIBIT 1

FILED UNDER SEAL PURSUANT TO COURT ORDER

RESTRICTED DOCUMENT PURSUANT TO L.R 26.2

PURSUANT TO THE PROTECTIVE ORDER DATED NOVEMBER 5, 2004 AND THE

MINUTE ORDER DATED OCTOBER 10, 2006

Exhibit 2

Page 1	Page 2
<p>IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION Lead Case No. 02-C-5893 -----x LAWRENCE E. JAFFE PENSION PLAN, on Behalf of Itself and All Others Similarly Situated, Plaintiff, -against- HOUSEHOLD INTERNATIONAL, INC., et al., Defendants. -----x VIDEOTAPE DEPOSITION of HARRIS DEVOR, taken by the Defendants at the offices of Cahill Gordon & Reindell, 80 Pine Street, New York, New York 10005, on February 20, 2008, at 9:45 o'clock a.m., before Catherine M. Donahue, a Certified Court Reporter and Notary Public within and for the State of New York.</p>	<p>1 A P P E A R A N C E S: 2 3 Attorneys for Plaintiff 4 5 LUKE O. BROOKS, ESQ. 6 AZRA MEHDI, ESQ. 7 SPENCER BURKHOLZ, ESQ. 8 COUGHLIN STOIA GELLER RUDMAN & ROBBINS, LLP 9 100 Pine Street, 26th Floor 10 San Francisco, California 94111 11 Phone: 415.288.4545 12 Fax: 415.288.4534 13 E-mail: LukeB@csgr.com 14 E-mail: azram@csgr.com 15 E-mail: spenceb@csgr.com 16 17 18 19 20 21 22 23 24 25</p>

Page 3	Page 4																																																												
<p>1 Attorneys for Defendants 2 3 SUSAN BUCKLEY, ESQ. 4 DAVID R. OWEN, ESQ. 5 MICHAEL J. WERNKE, ESQ. 6 JASON M. HALL, ESQ. 7 JAMES VALENTINO, ESQ. 8 CAHILL GORDON & REINDELL, LLP 9 80 Pine Street 10 New York, New York 10005 11 Phone: 212.701.3000 12 Fax: 212.269.5420 13 E-mail: sbuckley@cahill.com 14 E-mail: dowen@cahill.com 15 E-mail: mwernke@cahill.com 16 E-mail: jhall@cahill.com 17 E-mail: jvalentino@cahill.com 18 ALSO PRESENT: 19 KIRSTEN FLANAGAN, BRIAN DUFFY, 20 ROMAN WEIL, T. J. FREDA, Videographer 21 I N D E X 22 Witness: Page 23 HARRIS DEVOR 24 Examination by Ms. Buckley 8 25</p>	<table border="1"> <thead> <tr> <th>Exhibit Name</th> <th>Description</th> <th>Page No.</th> </tr> </thead> <tbody> <tr> <td>2 Devor</td> <td></td> <td></td> </tr> <tr> <td>3 Exhibit 1</td> <td>Statement of Harris L. Devor</td> <td>6</td> </tr> <tr> <td>4 Exhibit 2</td> <td>Expert Report of Roman Weil</td> <td>6</td> </tr> <tr> <td>5 Exhibit 3</td> <td>Expert Report of Harris Devor with revised paragraph 8</td> <td>6</td> </tr> <tr> <td>6 Exhibit 4</td> <td>Expert Report of Harris Devor with revised paragraph 42</td> <td>6</td> </tr> <tr> <td>8 Exhibit 5</td> <td>Expert Report of Harris Devor with revised paragraph 149</td> <td>6</td> </tr> <tr> <td>9 Exhibit 6</td> <td>Corrected Rule 26 Statement of Harris L. Devor in Omnicom case</td> <td>54</td> </tr> <tr> <td>11 Exhibit 7</td> <td>Rebuttal Statement of Harris L. Devor in Omnicom case</td> <td>54</td> </tr> <tr> <td>13 Exhibit 8</td> <td>Videotape Deposition of Harris L. Devor in Omnicom case</td> <td>55</td> </tr> <tr> <td>14 Exhibit 9</td> <td>Document entitled Topic No. D-1</td> <td>136</td> </tr> <tr> <td>16 Exhibit 10</td> <td>Document entitled Differing Positions on the AFL-CIO Agreement</td> <td>160</td> </tr> <tr> <td>17 Exhibit 11</td> <td>Letter dated August 12, 2002</td> <td>166</td> </tr> <tr> <td>19 Exhibit 12</td> <td>Exhibit No. 17 from Rodemoyer deposition.</td> <td>217</td> </tr> <tr> <td>20 Exhibit 13</td> <td>Form 10Q for period 6/30/2002</td> <td>271</td> </tr> <tr> <td>21 Exhibit 14</td> <td>KPMG benchmarking study</td> <td>283</td> </tr> <tr> <td>22 Exhibit 15</td> <td>Document entitled HSBC Home Equity Loan Corp. 1</td> <td>299</td> </tr> <tr> <td>23</td> <td></td> <td></td> </tr> <tr> <td>24</td> <td></td> <td></td> </tr> <tr> <td>25</td> <td>(Exhibits attached with transcript.)</td> <td></td> </tr> </tbody> </table>	Exhibit Name	Description	Page No.	2 Devor			3 Exhibit 1	Statement of Harris L. Devor	6	4 Exhibit 2	Expert Report of Roman Weil	6	5 Exhibit 3	Expert Report of Harris Devor with revised paragraph 8	6	6 Exhibit 4	Expert Report of Harris Devor with revised paragraph 42	6	8 Exhibit 5	Expert Report of Harris Devor with revised paragraph 149	6	9 Exhibit 6	Corrected Rule 26 Statement of Harris L. Devor in Omnicom case	54	11 Exhibit 7	Rebuttal Statement of Harris L. Devor in Omnicom case	54	13 Exhibit 8	Videotape Deposition of Harris L. Devor in Omnicom case	55	14 Exhibit 9	Document entitled Topic No. D-1	136	16 Exhibit 10	Document entitled Differing Positions on the AFL-CIO Agreement	160	17 Exhibit 11	Letter dated August 12, 2002	166	19 Exhibit 12	Exhibit No. 17 from Rodemoyer deposition.	217	20 Exhibit 13	Form 10Q for period 6/30/2002	271	21 Exhibit 14	KPMG benchmarking study	283	22 Exhibit 15	Document entitled HSBC Home Equity Loan Corp. 1	299	23			24			25	(Exhibits attached with transcript.)	
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Page 37

1 you were deposed is number one, I take it.
 2 A. That's correct.
 3 Q. And cases that you testified at
 4 trial, is that correct?
 5 A. That's correct.
 6 Q. Cases where you testified at a
 7 hearing of some kind?
 8 A. I didn't specifically search for
 9 that. Although, there would be so few of those.
 10 Q. Okay.
 11 A. Although the other thing that I
 12 point out is, for instance, in this case that
 13 we're talking about now, the Mercedes-Benz
 14 case --
 15 Q. Right.
 16 A. -- it is on the list also. So, yes,
 17 I did testify at a hearing.
 18 Q. Well, that's what led me to ask.
 19 You testified that it was the
 20 Dalbert hearing?
 21 A. I didn't put it on here because of
 22 the hearing. I put it on here because there was
 23 a hearing. It turns out I actually even had
 24 forgotten about it until you mentioned it.
 25 Some of these, there might have been

Page 39

1 been excluded in any case on Dalbert grounds,
 2 Mr. Devor?
 3 A. Certainly never for reliability.
 4 Maybe on relevance. And I don't even know,
 5 technically, if it was under Dalbert. I mean,
 6 for instance, I have testified in cases where
 7 whatever issues perhaps that I testified was
 8 ultimately just deemed to be irrelevant to the
 9 case as the case evolved, just as an example.
 10 So, at the end I didn't testify. But never, to
 11 the best of my knowledge, on reliability.
 12 Q. How about on methodology?
 13 A. No.
 14 Q. Never been excluded on methodology
 15 grounds?
 16 A. No. And I have, in fact,
 17 testified -- the answer is no.
 18 Q. Okay.
 19 In Re: State of West Virginia v.
 20 Abbott Laboratories. Do you recall who you were
 21 retained by, Mr. Devor?
 22 A. Yes.
 23 Q. And who was that?
 24 A. The State of West Virginia, the
 25 Attorney General's Office.

Page 38

1 affidavits in some of these. And over and
 2 beyond that, whether there were affidavits that
 3 I've signed on cases that just never got to
 4 other testimony, I can't say. They would be
 5 really a minor amount, if there were.
 6 Q. Okay.
 7 A. It is not something, for instance,
 8 that we do every week or something.
 9 Q. I'm just trying to understand what
 10 we have here.
 11 A. Okay.
 12 Q. You mentioned you testified at a
 13 Dalbert hearing in that case.
 14 A. I did.
 15 Q. What was the issue at the Dalbert
 16 hearing?
 17 A. All the experts, opposing counsel
 18 filed Dalbert motions against every expert in
 19 the case, plaintiff, defendants, to the best of
 20 my recollection. So I testified, actually, for
 21 two reasons: One, in defense of myself, who was
 22 the target of a Dalbert motion, and also in
 23 support of a Dalbert motion against the opposing
 24 expert.
 25 Q. Has any of your testimony or reports

Page 40

1 Q. And that's the one you just talked
 2 about testifying at the Dalbert hearing. Do I
 3 have that wrong?
 4 A. No. I think we were talking about
 5 Mercedes-Benz.
 6 Q. Okay.
 7 And the gist of your testimony, your
 8 opinion in the West Virginia case, do you
 9 recall?
 10 A. Well, as it turns out, I also
 11 testified at a Dalbert hearing.
 12 Q. Lucky me.
 13 A. Yes. So -- so, that was part of my
 14 testimony.
 15 Q. Okay.
 16 A. But I was also deposed in and that
 17 case went to trial.
 18 Q. Did you publish a report in that
 19 case, prepare a report in that case?
 20 A. The issue was that it was in State
 21 Court and I just can't remember whether in State
 22 Court we were even required to have a report. I
 23 mean, obviously, the Federal cases we are, but
 24 in State Court, I don't -- so I can't -- I don't
 25 have a recollection of an actual report.

1 the report?

2 A. They did.

3 Q. And you edited their work, is that

4 correct?

5 A. Did you say did they edit my work?

6 Q. No. The other way around, but I can

7 ask it again.

8 A. Okay.

9 Q. Did you edit their work?

10 A. Yes.

11 Q. By signing the report, you

12 understand that you're attesting to its truth

13 and accuracy?

14 A. I am. I think there's a statement

15 in the back that says that or maybe in the

16 front.

17 Q. I take it you consider yourself to

18 be an expert in accounting, Mr. Devor, is that

19 correct?

20 A. No. I would like to think I'm a

21 humble guy. But the reality is, I believe after

22 practicing for 33 years and seeing what I have

23 seen, 35 years, I guess, I would consider myself

24 an expert in accounting.

25 Q. Then in the business of banking?

1 Q. Okay.

2 A. So, for instance, a securitization,

3 I could, if I had to testify, with preparation,

4 about, you know, what an interest only strip is

5 and securitizations and retained assets and

6 things such as that which have peculiar

7 accounting requirements and practices that go

8 with it.

9 Q. Do you consider yourself an expert

10 in consumer behavior?

11 MR. BROOKS: Objection. Leading.

12 MS. BUCKLEY: Yes, it is.

13 BY MS. BUCKLEY:

14 Q. You can answer, Mr. Devor.

15 A. How would you define an expert? I'm

16 not sure how you define an expert.

17 Q. Someone who would have a psychology

18 degree, for example, or consumer behavior

19 experience in analyzing how consumers behave and

20 react to certain circumstances.

21 Do you consider yourself an expert

22 in those fields, Mr. Devor?

23 A. Not in the way you described it, no.

24 Q. How about predatory lending?

25 A. No.

1 A. I've had cases involving banking

2 issues that I know about. I certainly know

3 about securitizations and things like that.

4 There are certain facets of banking that I know

5 something about and I might even be considered

6 an expert in.

7 Q. What areas in the business of

8 banking would you consider yourself to be an

9 expert in?

10 A. Well, first of all, let me clarify.

11 I don't mean that I'm an expert in

12 banking, but I'm an expert in certain accounting

13 implications of certain banking practices.

14 Q. For example?

15 A. I understand, for instance, the

16 accounting fairly well for securitizations which

17 can be somewhat complicated.

18 Q. That's really an accounting issue,

19 correct?

20 A. Well, as I clarified, I'm not an

21 expert in banking.

22 Q. Right.

23 A. I am an expert in some practices,

24 the accounting impacts of certain practices that

25 banks do.

1 Q. How about lending laws and

2 regulations?

3 A. An expert in them?

4 Q. Yes.

5 A. No.

6 Q. How about the business of the

7 consumer finance company?

8 A. An expert?

9 Q. Right.

10 A. No.

11 Q. Do you consider yourself an expert

12 in re-aging or restructuring?

13 A. As the terms are used in this case?

14 Q. Correct.

15 A. I would consider myself an expert in

16 the accounting implications of doing such, but I

17 would not be -- if you're saying am I an

18 industry expert in how to re-age, what to re-age

19 and restructure, I would say no.

20 Q. Do you know why re-aging and

21 restructuring is done, for example?

22 A. In this case?

23 Q. Just generally.

24 A. From what I have read in this case,

25 I have an idea of why it has been done. Why it

Page 117

1 this is the restatement, credit card section of
 2 your report. 20 begins the GM agreement,
 3 correct?
 4 A. Correct.
 5 Q. And 20 to 24 is background, is that
 6 right?
 7 A. On the GM piece.
 8 Q. Actually, it is 20 to the end of 23,
 9 I guess, is background on the GM piece?
 10 A. Right.
 11 Q. And you tell us in Footnote 36 that
 12 "All the information in this section is from
 13 Long Exhibits 11 and 12, unless otherwise
 14 specifically noted."
 15 Do you see that?
 16 A. In that background section, that's
 17 correct.
 18 Q. The next section in your report
 19 begins on page 24 and it is entitled "AA and
 20 Household's Analysis of the GM Partnership
 21 Agreement and Related Accounting."
 22 Do you see that?
 23 A. I do.
 24 Q. And I believe we're told in Footnote
 25 38 -- strike that.

Page 119

1 company's and we have Bill Long's.
 2 Where is your analysis?
 3 A. My analysis is I have read all of
 4 the documents and looked at KPMG and Anderson's
 5 analysis of the same issues. That was my
 6 analysis.
 7 MS. BUCKLEY: Can I have that
 8 read back, please?
 9 (Record read.)
 10 BY MS. BUCKLEY:
 11 Q. When you say "all of the
 12 documents --
 13 A. Well, whatever documents that we
 14 reviewed that are in Exhibit 33 that relate to
 15 this area or those that are cited right here.
 16 Q. "Right here" being where?
 17 A. Right in this section of the report.
 18 Q. Okay.
 19 A. That deals with the GM contract, as
 20 well as reading testimony that related to this
 21 is the -- is AFL-CIO that immediately comes to
 22 mind. I think there are others and researching
 23 GAAP myself, that was my analysis.
 24 Q. Where in the report do I find your
 25 analytical thinking?

Page 118

1 So 24 to 31 is Arthur Andersen and
 2 Household's analysis, is that correct? That's
 3 what the heading says?
 4 A. And presumably everything within
 5 there would generally fall under that category.
 6 MR. BROOKS: If you need to take
 7 some time and read this, do that.
 8 THE WITNESS: Okay.
 9 A. I mean, in general, it seems to be
 10 exactly as it is titled.
 11 Q. Arthur Andersen and Household's
 12 Analysis of the GM Partnership Agreement and
 13 Related Accounting. All right.
 14 Then on page 31, you begin a section
 15 called KPMG's Analysis of the GM Partnership
 16 Agreement and Related Accounting.
 17 Do you see that?
 18 A. Yes.
 19 Q. Then the next heading is on page 34,
 20 AFL-CIO/UP Partnership Agreement.
 21 Do you see that?
 22 A. Yes.
 23 Q. My question to you is: Where is
 24 your analysis of the GM contract? We have
 25 Arthur Andersen's. We have KPMG's. We have the

Page 120

1 A. I think it's this whole thing
 2 contains my analytical thinking by going through
 3 all of the facts.
 4 Q. We have already established that the
 5 first part is all taken from KPMG Exhibit --
 6 A. Right.
 7 Q. -- Long Exhibits 11 and 12, sets
 8 forth the entire background?
 9 A. Except as stated otherwise, plus the
 10 FASB, the GAAP that is referred to in that
 11 section. FASCON 6. EITF 1.
 12 Q. I see a lot of accounting literature
 13 cited and you're reciting it.
 14 A. I read that.
 15 Q. I understand you read it. You told
 16 me you read it. It is listed in your report.
 17 A. Okay.
 18 Q. I want to know what paragraphs in
 19 this report on the GM agreement reflect your
 20 analysis as opposed to Bill Long's analysis,
 21 KPMG's analysis, Arthur Andersen's analysis or
 22 the company's analysis?
 23 MR. BROOKS: I want to object. I
 24 think you're misconstruing the document,
 25 but go ahead and answer that question.