

**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.)	
_____)	

**LEAD PLAINTIFFS' MOTION REQUESTING A STATUS CONFERENCE
FOR APRIL 7, 2011**

Lead Plaintiffs, PACE Industry Union-Management Pension Fund, International Union of Operating Engineers Local No. 132 Pension Plan and Glickenhau & Company (“Lead Plaintiffs”), on behalf of the Class file this motion to respectfully request a status conference before the Court on April 7, 2011 at 9:30 a.m. Lead Plaintiffs wish to inform the Court of a concern that has been raised by certain custodian banks regarding the claims process that may affect the timing of the submission of a significant number of claims. In support, Lead Plaintiffs state as follows:

1. On March 17, 2011, Lead Counsel had a conference call with representatives of three members of the Bank Depository User Group (“BDUG”). BDUG is a non-profit association of custodian banks and financial institutions. Custodian banks are financial institutions that serve as fiduciaries of the financial assets of individual and institutional investors. Among other things, custodian banks hold and maintain investors’ assets, including securities.

2. As part of the core services that they provide to investor clients, many BDUG members file claim forms on behalf of their investor clients in connection with the settlements of class action securities cases. As such, BDUG members have received the Notice of Verdict and Proof of Claim form approved by this Court and circulated by the claims administrator, Gilardi & Co., Inc. (“Gilardi”), on or about January 24, 2011. In a typical case, the custodian bank would gather information regarding their investor client’s transactions in the security at issue and file proof of claim forms with the claims administrator on or before the claims submission deadline.

3. However, we have been informed that certain BDUG members have concluded that they are not in a position to answer the question that claimants are asked to answer on the Proof of

Claim form in the Household case.¹ As a consequence, the BDUG members reached out to Lead Counsel to discuss the issue.

4. Representatives of three BDUG member institutions advised Lead Counsel that they did not have a basis to answer the question on behalf of their investor clients. Further, it would be either extremely difficult or impossible for the custodian banks to obtain an answer from their investor clients on or before the deadline of May 24, 2011 due to the sheer volume of class members for whom they submit claims. In response to a question from Lead Counsel, the representative of one custodian bank estimated that it may have 8,000-10,000 investor clients who engaged in transactions in Household common stock during the Damages Period. Similarly, a representative of a second custodian bank estimated that 4,500-5,000 of its investor clients engaged in transactions in Household common stock during the same period. The BDUG representatives said that they simply could not get the question answered by all of their clients in a timely fashion. The three representatives believed that other BDUG member institutions would face similar problems.

5. The custodian bank representatives also advised Lead Counsel that their collective problem with obtaining an answer by May 24, 2011 would be compounded by the fact that many of their investor clients who acquired Household common stock during the Damages Period, may not actually have suffered damages in light of the Court's netting formula, as set forth in the November

¹ The question states:

Question: If you had known at the time of your purchase of Household stock that defendants' false and misleading statements had the effect of inflating the price of Household stock and thereby caused you to pay more for Household stock than you should have paid, would you have still purchased the stock at the inflated price that you paid?

A claimant is asked to check either the "yes" or "no" box.

22, 2010 Opinion and Order. For example, an investor client may have purchased Household common stock during the Damages Period, but could be a “net gainer” after applying the netting analysis adopted by the Court. In the view of the BDUG representatives, and Lead Counsel after listening to this explanation, it is inefficient to ask the custodian banks to contact each of their investor clients and obtain an answer to the question before determining whether or not that class member has a recoverable loss. For example, if a custodian bank has 8,000 clients who purchased or acquired Household common stock during the Damages Period, but only 3,000 of those clients suffered damages under the netting analysis, while 5,000 of their clients are determined to be net gainers, the custodian bank will be contacting and attempting to obtain answers from 5,000 persons and entities that do not have a recognizable claim. Simply contacting the 3,000 valid claimants will require a monumental, time-consuming effort – reaching out to another 5,000 clients who have no recognizable claim is simply inefficient and counterproductive.

6. Further, the BDUG representatives indicated that even after they determine which of their clients have a compensable claim, obtaining an answer to the question will remain difficult and time-consuming. As one BDUG representative explained the problem, their client base often involves “layers of players.” As she explained the issue to Lead Counsel, the client account may be in the name of an Italian bank, which holds the securities for a third-party financial advisor, who may or may not have had discretionary authority over the securities transactions of institutional or individual investor clients. According to the BDUG representative who provided this example, it could take considerable time and effort by the custodian bank and the other “layers of players” to determine which of these entities or individuals is in the proper position to answer the question on the Proof of Claim form.

7. In light of this discussion with the BDUG representatives, Lead Counsel suggested that the custodian banks attempt to submit their claims to Gilardi by April 1, 2011, or as soon

thereafter as possible. A Gilardi representative stated that his company would make every effort to review these claims within 15 days in an attempt to identify which of each custodian bank's clients have a potentially recognizable claim after crunching the data pursuant to the netting analysis adopted by the Court in its November 22, 2010 Opinion and Order. Lead Counsel advised the BDUG representatives that, if they were able to adhere to this schedule, they would potentially have 30-35 days to attempt to obtain answers to the Proof of Claim form question from their clients, which could be supplied to Gilardi to supplement the original claims.

8. Nevertheless, Lead Counsel believes that it will be virtually impossible to obtain the answer by May 24, 2011 from the many thousands of class members who typically rely on custodian banks to submit their claims. Lead Counsel believed it was in the best interest of the Class to bring this matter to the Court's attention as soon as possible.

9. By reason of the foregoing, Lead Counsel respectfully requests that the Court schedule a status conference to allow Lead Counsel to address this issue with the Court and to obtain guidance from the Court in attempting to resolve this potential problem before it becomes insurmountable for the affected custodian banks who are simply attempting to comply with their fiduciary duties to their clients.

10. By reason of the foregoing, Lead Plaintiffs request that the Court schedule a status conference for April 7, 2011 at 9:30 a.m.

DATED: April 4, 2011

Respectfully submitted,

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Attorneys for Plaintiff

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 Diego, State of California, over the age of 18 years, and not a party to or interested party in the within action; that declarant's business address is 655 W. Broadway, Suite 1900, San Diego, California 92101.

2. That on April 4, 2011, declarant served by electronic mail and by U.S. Mail to the parties LEAD PLAINTIFFS' MOTION REQUESTING A STATUS CONFERENCE FOR APRIL 7, 2011.

The parties' e-mail addresses are as follows:

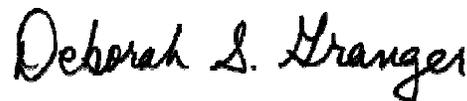
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I declare under penalty of perjury that the foregoing is true and correct. Executed this 4th day of April, 2011, at San Diego, California.



DEBORAH S. GRANGER