

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

LAWRENCE E. JAFFE PENSION PLAN,)	
on behalf of itself and all others)	
similarly situated,)	
)	
Plaintiff,)	02-cv-5893 (Consolidated)
)	
vs.)	Judge Ronald A. Guzman
)	
HOUSEHOLD INTERNATIONAL, INC., et al.,)	
)	
Defendants.)	
)	

SPECIAL MASTER’S REPORT AND RECOMMENDATION

INTRODUCTION

Plaintiffs filed a class action lawsuit against defendants alleging that statements made and facts withheld by the defendants resulted in economic loss by the plaintiffs. In phase one of the case, the jury found that defendants’ actions did cause economic harm to the plaintiff class. Phase two of the case involves determining the loss of each of the class members. The Court has referred issues related to claims determinations to the Special Master.

The Special Master has met with the parties to discuss the status of claims and the disputed claim issues. The parties have worked together to categorize the claims for review by the Special Master. The parties have submitted to the Special Master four (4) separate lists that contain a significant number of the claims in this matter (the “Lists”) that the parties have approved. The Lists are categorized as follows:

- A. **List 1** - 10,902 Claims valued at \$1,476,490,844 identified in the report of Gilardi & Co LLC (the “**Gilardi Report**”) that contain a “No” answer to the claim form question¹ and for which the parties do not have any ministerial objections to the claims form submissions requiring further proceedings before the Special Master.
- B. **List 2** – 133 Claims valued at \$58,061,621 identified in the Gilardi Report that contain a “yes” answer to the claim form question and for which the parties do not have ministerial objections to the claims form submissions requiring further proceedings before the Special Master.
- C. **List 3** – 2,476 Claims valued at \$60,344,054 identified in the Gilardi Report that failed to answer the claim form question or supplemental interrogatory for claims in excess of \$250,000 and for which the parties do not have any ministerial objections to the claims form submissions requiring further proceedings before the Special Master.
- D. **List 4** – 9,720 Claims valued at \$449,510,370 identified in the Gilardi Report to which the defendants have objected as to one or more ministerial issues and the parties have agreed require a decision by the Special Master.

To protect the privacy of the claimants, concurrently with the filing of this Report and Recommendation the Special Master will file copies of List 1, List 2, and List 3 with the Court under seal (with copies to the parties and the Court) pursuant to the Protective Order entered by Magistrate Judge Nolan on November 8, 2004.

¹ “Claim Form Question” refers to the question on the Proof of Claim form that required a “yes” or “no” answer to the following question: “If you had known at the time of your purchase of the 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 the Household stock than you should have paid, would you have still purchased the stock the inflated price that you paid?”

In addition to the claimants identified on the Lists, there are approximately 22,000 claims which do not appear on the Lists that are (i) valued at less than \$250,000 according to Gilardi's calculations; (ii) were filed by a third party; and (iii) were objected to by the Defendants. These claimants were sent the supplemental claim form to respond to the claim form question. The parties agree that any disputes to these claims should be deferred until the supplemental notice process is complete.

The Special Master is continuing to work through the disputed issues in order to resolve the objections on List 4. Although it is anticipated that additional claims from List 4 will be added to Lists 1, 2 and 3 after the objections are resolved, the Special Master recommends that the claims currently listed on List 1, List 2, and List 3 be approved at this time. As additional ministerial issues and disputes are resolved, supplements to Lists 1, 2 and 3 will be presented to the Court for approval.

SPECIAL MASTER'S RECOMMENDATION

For the reasons stated above, the Special Master reports and recommends, subject to any rulings on post-judgment motions, that:

- A. **List 1:** The claims on List 1 (**Exhibit A**) identify the claimants resolved to date who, pending post-trial motions, are entitled to judgment as to liability and sets forth the amount of damages each such claimant should receive pursuant to the court's prior rulings;
- B. **List 2:** The claims on List 2 (**Exhibit B**) identify the claimants resolved to date whose claims must be resolved at trial (i.e. those who responded "yes" to the claim form question, submitted duplicate claims with conflicting answers

to the claim form question or submitted multiple claims with different answers to the claim form question); and

- C. **List 3:** The claims on List 3 (**Exhibit C**) identify the claimants resolved to date whose claims will be rejected under the Court's prior rulings for failing to answer the claim form question and/or supplemental interrogatory.

Respectfully submitted:

DATED: July11, 2013.

/s/ Phillip S. Stenger
Phillip S. Stenger (P41966)
Special Master
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