

**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,	)	Case No. 02 C 5893
Plaintiff,	)	
	)	Judge Jorge L. Alonso
	)	
v.	)	
	)	
HOUSEHOLD INTERNATIONAL, INC.,	)	
et al.,	)	
	)	
Defendants.	)	

**REPLY IN SUPPORT OF DEFENDANTS' MOTION *IN LIMINE* NO. 5  
TO PRECLUDE REFERENCES TO NON-PARTIES HSBC AND HSBC FINANCE**

Through their Motion *In Limine* No. 5, Defendants seek an order precluding any reference to non-parties HSBC Bank plc ("HSBC") and HSBC Finance Corp. ("HSBC Finance"), including any reference to the financial condition of either company.

In their opposition, Plaintiffs represent that they have no intention of introducing evidence of HSBC's or HSBC Finance's net worth. Opp. at 1 ("Defendants' argument is a *non sequitur*: plaintiffs have never sought to admit evidence of HSBC Finance's or HSBC's financial condition."); *id.* at 2 ("Here, plaintiffs have never sought to put in evidence of HSBC's financial condition or net worth. Nor do they intend to do so at the retrial.").

Plaintiffs argue, however, that "HSBC's identity as Household's parent company is relevant to loss causation." *Id.* at 2. This assertion is baseless. As support for their assertion, Plaintiffs point to the fact that Defendants' experts cited a single post-class period news article that discussed the effect of widening bond spreads on Household's ability to borrow, and also mentioned HSBC's acquisition of Household. *Id.* Defendants' experts referred to this article to

support their conclusions that widening bond spreads (which were occurring both before and after the class period) were a nonfraud factor that adversely affected Household's stock price during the class period. This evidence is relevant to loss causation. By contrast, HSBC's acquisition of Household—which was both announced and consummated after the close of the class period, *id.* at 1—could not have had any effect on Household's stock price during the class period and, therefore, is *irrelevant* to loss causation.

Likewise, the fact that Wells Fargo had indicated in May 2002 that it might be interested in acquiring Household at a price of up to \$70 per share, and that HSBC subsequently acquired Household in 2003 for \$28.75 per share, *id.* at 1-2, has no bearing on why Household's stock price declined during the class period. Accordingly, this evidence also is irrelevant to loss causation.<sup>1</sup>

As for Plaintiffs' assertion that “[n]othing about HSBC's identity as Household's parent company would unfairly prejudice defendants,” *id.* at 3, that contention is wrong. HSBC is one of the world's largest banking institutions, serving more than 47 million customers. *See* [www.hsbc.com](http://www.hsbc.com). Informing jurors that Household is owned by HSBC could lead jurors to believe that any judgment would be borne by banking giant HSBC and could lead them to award more in damages than they otherwise would.

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<sup>1</sup> Defendants' Motion *In Limine* No. 1 seeks to exclude, among other things, evidence of Wells Fargo's due diligence in connections with a potential acquisition of Household and Wells Fargo's decision not to proceed with the transaction. Dkt. 2144. This evidence was admitted at the first trial solely on the ground that it was relevant to scienter. Dkt. 1516 at 12. Scienter is not at issue in the retrial.

**CONCLUSION**

For the reasons set forth herein and in Defendants' Motion *In Limine* No. 5, the Court should grant Defendants' Motion *In Limine* No. 5.

Dated: May 13, 2016

Respectfully submitted,

/s/R. Ryan Stoll

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**CERTIFICATE OF SERVICE**

R. Ryan Stoll, an attorney, hereby certifies that on May 13, 2016, he caused true and correct copies of the foregoing Defendants' Reply in Support of Their Motion *In Limine* No. 5 to be served via the Court's ECF filing system on the following counsel of record in this action:

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