

**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. )	
_____ )	

**STATUS CONFERENCE STATEMENT TO HONORABLE RONALD A. GUZMAN IN  
ADVANCE OF THE MARCH 12, 2007 STATUS CONFERENCE**

In advance of the March 12, 2007 status conference before this Court, Lead Plaintiffs and the Class respectfully submit this status conference statement to facilitate a productive and meaningful discussion.

**I. DEVELOPMENTS FOLLOWING THIS COURT'S FEBRUARY 1, 2007 ORDER REGARDING ERNST & YOUNG DOCUMENTS**

On February 1, 2007, this Court rejected Defendants' Objection to Magistrate Judge Nolan's December 6, 2006 Order (Dkt. No. 806) which required Household to produce documents created in connection with Ernst & Young LLP ("E&Y")'s compliance engagement. February 1, 2007 Order (Dkt. No. 940). In that Order, this Court specifically rejected defendants' argument that "it was clear error for Magistrate Nolan to hold that there was mutuality of interest when the E&Y documents were created." January 1, 2007 Order at 2. Defendants still refuse to produce E&Y documents that are dated after this suit was filed, repeating their argument that any "mutuality of interest" required by the *Garner* exception to attorney-client privilege was severed when the suit was filed. Magistrate Judge Nolan issued a ruling last week that permits defendants to withhold documents on this theory. February 27, 2007 Order (Dkt. No. 999). In so doing, Magistrate Judge Nolan clearly contradicted her prior ruling and this Court's February 1, 2007 Order. The Class has therefore filed a motion for reconsideration before Magistrate Judge Nolan.

Separately, on February 24, 2007 (one month after the January 31, 2007 fact discovery deadline) the Class learned from a third party that defendants failed to produce work papers relating to the E&Y compliance engagement. After being confronted, defendants stated there were **425 boxes** of such work papers. Those boxes had never been disclosed previously, nor were any of their contents described on any privilege log. These documents are highly probative of the issues in this case. This Court stated in its February 1, 2007 ruling that such documents "shed great light on a number of issues in this case, *e.g.*, the falsity of Household statements regarding predatory lending, as well as scienter and materiality." January 1, 2007 Order at 3.

Defendants' late disclosure of these documents has negatively impacted the expert discovery schedule. Magistrate Judge Nolan had to push back expert discovery dates to allow defendants time to review and produce or provide a log for the recently disclosed 425 boxes of E&Y compliance engagement work papers discussed above. In making this change it appears Magistrate Judge Nolan inadvertently omitted the date for the Class' disclosure of rebuttal experts. Accordingly, the Class has submitted the following proposed expert discovery schedule to Magistrate Judge Nolan:

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

At the last status hearing before this Court, the Class proposed a schedule for expert discovery, summary judgment and trial dates. This Court determined Magistrate Judge Nolan should continue to coordinate the various dates with the parties. The Class believes that it would be beneficial to set a trial date at this point in time. This case has been pending for over four years and has consumed considerable resources of all involved, including the Court. In order to accelerate the pace of discovery and provide certainty that this case will reach the merits as expeditiously as possible, the Class proposes the Court establish a trial date of January 21, 2008.

## **II. DEPOSITIONS**

Class counsel are working to finish a few remaining depositions that had to take place after January 31, 2007 on account of motions pending before other courts or objections before this Court. Four depositions (and one continuing deposition) remain. The depositions of E&Y employees have been postponed while defendants review and produce documents from the 425 boxes of E&Y work papers.

### III. OBJECTIONS

There are currently no objections pending before this Court.

DATED: March 8, 2007

Respectfully submitted,

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s/ Luke O. Brooks

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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 **STATUS CONFERENCE STATEMENT TO HONORABLE RONALD A. GUZMAN IN ADVANCE OF THE MARCH 12, 2007 STATUS CONFERENCE**. The parties' email addresses are as follows:

<a href="mailto:TKavaler@cahill.com">TKavaler@cahill.com</a> <a href="mailto:PSloane@cahill.com">PSloane@cahill.com</a> <a href="mailto:PFarren@cahill.com">PFarren@cahill.com</a> <a href="mailto:LBest@cahill.com">LBest@cahill.com</a> <a href="mailto:DOwen@cahill.com">DOwen@cahill.com</a>	<a href="mailto:NEimer@EimerStahl.com">NEimer@EimerStahl.com</a> <a href="mailto:ADeutsch@EimerStahl.com">ADeutsch@EimerStahl.com</a> <a href="mailto:MMiller@MillerLawLLC.com">MMiller@MillerLawLLC.com</a> <a href="mailto:LFanning@MillerLawLLC.com">LFanning@MillerLawLLC.com</a>
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and by U.S. Mail to:

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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  
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MARCY M. MEDEIROS