

**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.)	
_____)	

**NOTICE OF RECENT AUTHORITY IN SUPPORT OF PLAINTIFFS' POST-VERDICT
SUBMISSIONS**

Plaintiffs respectfully submit the Seventh Circuit's August 20, 2010 opinion, *Schleicher, et al., v. Wendt, et al.*, No. 09-2154 (Easterbrook, J), in further support of Plaintiffs' Post-Verdict Submission (Dkt. No. 1622) ("Post-Verdict Submission") and Plaintiffs' Response to Defendants' Recommendations for Phase II Proceedings, if Needed and Defendants' Response to Plaintiffs' Post-Verdict Submission (Dkt. No. 1633) ("Post-Verdict Response"). The opinion is attached as Exhibit A.

In *Schleicher*, the Seventh Circuit stated that "the fraud-on-the-market doctrine, supplants 'reliance' as an independent element by establishing a more direct method of causation. . . . When a company's stock trades in a large and efficient market, the contestable elements of the Rule 10b-5 claim reduce to falsehood, scienter, materiality, and loss." Ex. A at 3 (citations omitted). The court also acknowledged with approval the district court's conclusion, based on expert opinion, that the market was efficient "and that investors therefore can use the fraud-on-the-market doctrine as a replacement for person-specific proof of reliance and causation." *Id.* at 4. Finally, the court observed that in securities fraud class actions, "[t]here will be some person-specific issues, such as when (and how many shares) a given investor purchased or sold. Timing of each person's transactions, in relation to the timing of the supposedly false statements, determines how much an investor lost (or gained) as a result of the fraud. But these questions can be resolved mechanically. A computer can sort them out using a database of time and quantity information." *Id.* at 2.

The *Schleicher* decision is relevant to plaintiffs' contention that following the trial and the jury's verdict, reliance is no longer a contestable element and defendants are not entitled to further proceedings on reliance. *See* Post-Verdict Submission at 4-15; Post-Verdict Response at 1-8, 10-12.

This authority also is relevant to plaintiffs' contention that the calculation of damages is a mechanical function appropriately handled by the claims administrator. *See* Post-Verdict Submission at 15-19.

DATED: August 25, 2010

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DECLARATION OF SERVICE BY ELECTRONIC MAIL 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 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 One Montgomery Street, Suite 1800, San Francisco, California 94104..

2. That on August 25, 2010 declarant served by electronic mail and by U.S. Mail to the parties **NOTICE OF RECENT AUTHORITY IN SUPPORT OF PLAINTIFFS' POST-VERDICT SUBMISSIONS.**

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 25th day of August, 2010, at San Francisco, California.

s/ Marcy Medeiros

MARCY MEDEIROS