

**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.)	
)
HOUSEHOLD INTERNATIONAL, INC., et)	
al.,)	
)
Defendants.)	
_____)	

**DECLARATION OF MICHAEL J. DOWD FILED ON BEHALF OF ROBBINS GELLER
RUDMAN & DOWD LLP IN SUPPORT OF APPLICATION FOR AWARD OF
ATTORNEYS' FEES AND EXPENSES**

I, MICHAEL J. DOWD, declare as follows:

1. I am a member of the firm of Robbins Geller Rudman & Dowd LLP (“Robbins Geller”). I am submitting this declaration in support of my firm’s application for an award of attorneys’ fees and expenses in connection with services rendered in the above-entitled action.

2. This firm is counsel of record for Lead Plaintiffs Glickenhau & Co., PACE Industry Union-Management Pension Fund, International Union of Operating Engineers Local No. 132 Pension Plan, and the plaintiff Class.

3. The information in this declaration regarding the firm’s time and expenses is taken from time and expense printouts prepared and maintained by the firm in the ordinary course of business. I am one of the partners who oversaw and/or conducted the day-to-day activities in the litigation and reviewed these printouts (and backup documentation where necessary or appropriate). This declaration and the supporting exhibits were prepared by, or with the assistance of, other lawyers and staff at the firm and reviewed by me before signing. The information contained herein is accurate to the best of my knowledge. The purpose of these reviews was to confirm both the accuracy of the entries on the printouts as well as the necessity for, and reasonableness of, the time and expenses committed to the litigation. As a result of these reviews, reductions were made to both time and expenses in the exercise of “billing judgment.” As a result of these reviews and adjustments, I believe that the time reflected in the firm’s lodestar calculation and the expenses for which payment is sought are reasonable in amount and were necessary for the effective and efficient prosecution and resolution of the litigation. In addition, I believe that the expenses are all of a type that would normally be charged to a fee-paying client in the private legal marketplace.

4. After the reductions referred to above, the number of hours spent on this litigation by my firm is 115,558.15, through November 30, 2013. A breakdown of the lodestar is provided in Exhibit A. The lodestar amount for attorney/paraprofessional time based on the firm’s current rates

is \$53,370,820.25. The hourly rates shown in Exhibit A are the usual and customary rates set by the firm for each individual.

5. My firm seeks an award of \$14,638,976.49 in expenses in connection with the prosecution of the litigation. Those expenses and charges are summarized by category in Exhibit B.

6. The following is additional information regarding certain of these expenses:

(a) Meals, Hotels and Transportation: \$957,785.39. In connection with the prosecution of this case, the firm has paid for travel expenses to attend, among other things, court hearings, to meet with witnesses, experts, mediators and opposing counsel, to take or defend depositions and to prepare for and participate in the trial of this action in Chicago. The date, the destination and purpose of each trip is set forth in Exhibit C. In addition to travel related to depositions, document productions, witness meetings and court hearings, Robbins Geller incurred substantial expenses for trial-related travel. By my count, twenty-three firm lawyers, accountants and support staff were in Chicago for some or all of the trial. For example, I moved to Chicago on March 1, 2009. I did not return home to San Diego until May 9, 2009. In an effort to reduce costs, we rented apartments in Chicago, rather than pay for hotel rooms for approximately 20 people for 60-70 nights. We also catered lunches and dinners during many weekdays during the trial, again in the belief that it would reduce meal costs. Nevertheless, the costs were substantial. In reviewing expenses incurred by the trial team during this period, I made various judgmental reductions. I attempted to balance the fact that the firm had to pay these costs for employee-related travel expenses against the fact that certain expenses may be appropriate for the firm to bear for its employees, but should not be shifted to the Class. I believe my *ad hoc* reductions were appropriate in this situation. In any event, I believe the charges for trial expenses are reasonable, as submitted.

(b) Photocopying: \$1,187,289.72. In connection with this case, the firm made 1,288,148 in-house copies. We seek \$0.25 per copy for these copies. Each time an in-house copy

machine is used, our billing system requires that a case or administrative billing code be entered and that is how the 1,288,148 copies were identified as related to this case. The firm also seeks \$50,079.37 in in-house imaging/scanning/printing charges. In addition, the firm also paid \$815,173.35 to outside copy vendors. A breakdown of these outside photocopy charges by date, vendor and amount is set forth in Exhibit D.

(c) Filing, Witness and Other Fees: \$68,833.12. These costs have been paid to the court for filing fees and to attorney service firms or individuals who either: (i) served process of the complaint or subpoenas, or (ii) obtained copies of court documents for plaintiffs. These costs were necessary to the prosecution of the case in order, among other things, to file the complaint, to serve the complaint and subpoenas, and to litigate the case. A breakdown of these charges by date, vendor and amount is set forth in Exhibit E.

(d) Court Hearing and Deposition Reporting, and Transcripts: \$318,557.84. A breakdown of these charges by date, vendor and amount is set forth in Exhibit F.

(e) Online Legal and Financial Research: \$240,449.76. These included vendors such as ALR Service, AT&T Wi-Fi, Bloomberg, L.P., Business Automation - Ann Arbor, MI, Business Center - Sunnyvale, CA, ChoicePoint, Collier Service, Computer Research, Country Information Service, Courtlink, Dow Jones Interactive, Elsevier Science Service, English Libraries, Expert Witness Service, Factiva, Gogoair.com, Historical Quote Service, Internetusage.com - TX, Computer Network, Lexis Nexis, Lexpat, Logiclinc, NAARS Service, PACER, Premium News Service, Showcase Business Center - Torrance, CA, Thomson Financial, TMobile Hotspot, West Group, West Publishing Corp., and Westlaw. These databases were used to obtain access to SEC filings, factual databases, legal research and for cite-checking of briefs. The expense amount detailed herein represents the out-of-pocket costs incurred by Robbins Geller in connection with use of these services in connection with this litigation. The charges for these vendors vary depending

upon the type of services requested. For example, Robbins Geller has flat-rate contracts with some of these providers for use of their services. When Robbins Geller utilizes services provided by a vendor with a flat-rate contract, a billing code is entered for the specific case being litigated. At the end of each billing period in which a service is used, Robbins Geller's costs for such services are allocated to the specific case using the service. Any discount is then allocated proportionately to each case based on that case's percentage use of the total services for that billing period. As a result of the contracts negotiated by Robbins Geller with certain providers, the Class enjoys substantial savings in comparison with the "market-rate" for a la carte use of such services which some law firms pass on to their clients. For example, the "market rate" charged by Lexis for the services used by Robbins Geller each month is routinely five to ten times more expensive than the rates negotiated by Robbins Geller and which provide the basis for the expenses set forth herein.

(f) Class Action Notices/Business Wire: \$3,974,848.06. These charges include the cost of publishing the "early notice" required by the Private Securities Litigation Reform Act of 1995, as well as expenses for printing and mailing the Notice of Pendency of Class Action and Settlement with Andersen to Class Members and publishing a summary notice; notices sent to Class Members of the Jury Verdict and Right to File Claims; and Supplemental Claim Forms sent to thousands of Class Members. These costs also include time and expenses incurred by the claims administrator in responding to questions regarding defendants' objections to claims, requests for information by hundreds of class members, custodian banks and thirty-party filing services, and hundreds of other requests by Lead Counsel.

(g) Mediation Fees: \$36,093.00.

(i) Irell & Manella LLP: \$21,645.89. These are the fees of the mediator, Layn Phillips, who conducted an unsuccessful mediation in this case prior to trial.

(ii) Resolutions LLC: \$14,447.11. These are the fees of the mediator, Eric Green, who conducted an unsuccessful mediation in this case after trial.

(h) Experts: \$6,839,340.14. Below is a brief description of the identification and role(s) of the experts used in this case.

(i) Compass Lexecon LLC (“Compass”): \$4,487,417.07. Compass provides expert testimony in securities cases on issues related to market efficiency, causation, materiality, class certification, and damages. It is a recognized leader in the use of statistical methods in securities litigation. Its President, Daniel Fischel, is one of the recognized leading experts in the securities litigation field. Mr. Fischel provided expert testimony in the areas of loss causation and damages. Compass Lexecon also provided assistance in analyzing defendants’ expert’s analysis and in responding to defendants’ related legal arguments.

(ii) Shechtman Marks Devor & Etskovitz PC: (“Shechtman”): \$1,922,439.74. Shechtman is a certified public accounting firm that provides litigation support to corporations, individuals, and non-profit organizations. Shechtman provided consulting services throughout the litigation, and Shechtman’s principal, Harris Devor, provided expert testimony at trial on Household’s accounting practices, including reaging and restatement issues.

(iii) Ghiglieri & Company: \$429,483.33. Cathy Ghiglieri is an expert in the areas of banking and lending practices. Ms. Ghiglieri, who has more than 25 years of experience in the banking industry, provided expert testimony at trial concerning Household’s lending and reaging practices.

(i) Consultants: \$251,712.00.

(i) Financial Markets Analysis LLC (“FMA”): \$181,445.00. Bjorn Steinholt of FMA is an expert in the area of finance in securities litigation cases and provided

consulting advice on loss causation and damages, and opinions concerning the appropriate method for measuring Class Member damages post-trial and prejudgment interest.

(ii) Gregory A. Brauer (dba Decision Design Consultants (“DDC”)): \$44,715.00. DDC worked on a draft loss causation/damages report. Plaintiffs ultimately decided not to use this analysis.

(iii) Torrey Partners LLC (“Torrey”): \$18,502.00. Torrey acted as a consultant to Robbins Geller in connection with the claims process.

(iv) Francois Neema (dba Francois Neema Consulting (“Neema Consulting”)): \$6,075.00. Neema Consulting is a software development and consulting firm, specializing in the development of web-based applications and in website design. Neema Consulting designed, updates and maintains the HouseholdFraud.com website, created by Robbins Geller to provide class members with information regarding the litigation and the claims process.

(v) Civil Action Group (dba APS International, Ltd. (“APS”)): \$975.00. APS is a legal support services firm, specializing in international service of process and translation services. APS provided a Japanese to English translation service for the backup to a foreign class member’s proof of claim form.

(j) Investigators: \$241,708.01.

(i) L.R. Hodges & Associates, Ltd. (“LRH”): \$228,826.01. Over a 22-month period LRH provided investigative services to Lead Counsel, expending 1,191.9 hours for combined fees of \$198,987.50, and incurred related expenses of \$29,838.51. LRH researched, identified, and confirmed the employment status of prospective witnesses, located key targets, maintained an evolving witness list to support other investigative team members, contacted and conducted interviews with targeted third-party witnesses; and thereafter, prepared interview summaries and other case reports.

(ii) Lily Haggerty: \$7,445.00. In addition to LRH, Robbins Geller also retained Lily Haggerty to assist in locating potential witnesses.

(iii) George W. Perry (dba Rock Solid Legal Services (“Rock Solid”)): \$5,437.00. Rock Solid is an investigator that was hired in an unsuccessful attempt to serve former Household consultant Andrew Kahr with a subpoena.

(k) Other Legal Counsel: \$187,467.57.

(i) Irell & Manella LLP (“I&M”): \$83,448.23. I&M provided legal advice to Class Counsel concerning issues related to the supersedeas bond securing the judgment.

(ii) Harbottle & Lewis LLP (“Harbottle”): \$46,418.28. Harbottle played a role in connection with the London depositions of HSBC and/or Morgan Stanley which were obtained through letters rogatory.

(iii) Richard M. Squire & Associates LLC (“Squire”): \$40,706.06. Squire were the attorneys for witness Elaine Markell.

(iv) Seltzer Caplan McMahon Vitek (“Seltzer Caplan”): \$16,895.00. Seltzer Caplan provided advice to Class Counsel concerning issues related to the supersedeas bond securing the judgment.

(l) Miscellaneous: HSBC Technology & Services (USA) Inc. (“HSBC”): \$11,922.50. Plaintiffs were ordered by Judge Nolan to pay for half of the costs incurred by HSBC (Household) in responding to plaintiffs’ Interrogatory Nos. 40, 41 and 42(a) and (b).

(m) Database Management Charges: \$145,762.20. Robbins Geller has \$145,762.20 in database management hosting charges related to this action. Because of the number of components that are part of a database management system (*i.e.*, hardware, software, license/access fees, etc.) and the difficulty of allocating a portion of the cost of each component, some of which are multi-year costs, the amount is a discounted market rate estimate of what the

database management services used in this action would have cost the Class if performed by a third party, an estimate based on a review by Robbins Geller of what vendors and other law firms charge for these services. In the last ten years, electronic discovery has transformed litigation practices and enabled the preservation, collection, production, and review of vast quantities of documents far more efficiently and cost-effectively than was previously possible. Historically, Robbins Geller retained the services of third-party providers to assist with the storage, analysis, printing, and review of electronic discovery. However, in the last several years, Robbins Geller has undertaken much of this work in-house through the use of the Relativity and Concordance systems (“DBM systems”). These DBM systems are offered by over 100 vendors and are used by most of the AmLaw100 law firms. Robbins Geller’s DBM systems consist of more than 16 servers and currently consume approximately 50 Terabytes of storage all located in a SSAE 16 Type II data center. Robbins Geller has another 50 Terabytes of storage which serves as our back up in a separate location with automatic replication. Robbins Geller’s DBM systems allow users to securely login, see, search, download, code, and analyze documents produced in this (and other) litigation. This amount reflects charges for the management of the database of more than 4 million pages of documents produced by defendants and non-parties in this action. Robbins Geller charges \$15 per Gigabyte per month for maintaining and utilizing its DBM systems. This rate was developed by Robbins Geller after a review of market rates charged for the similar services performed by third-party vendors as well as other law firms. Robbins Geller found that vendors and law firms are charging between approximately \$10 and \$30 per gigabyte per month depending on the amount of data for similar services in addition to user fees ranging from \$70-\$100 per user, per month. The rate used here reflects the lowest market rate of any comparable service found by Robbins Geller for a similar size data set with the additional savings of no user fees.

7. The expenses pertaining to this case are reflected in the books and records of this firm. These books and records are prepared from receipts, expense vouchers, check records and other documents and are an accurate record of the expenses.

8. Lead Counsel filed a bill of costs in this case on November 18, 2013. In the bill of costs, we seek to tax defendants for \$623,257.78 in costs recoverable pursuant to 28 U.S.C. §1920. On December 17, 2013, the Court ordered defendants to respond to the bill of costs on or before January 7, 2014. Plaintiffs' reply is due on January 21, 2014. If the Court awards costs to plaintiffs, Lead Counsel will reduce its request for expenses by the amount awarded.

9. The identification and background of my firm and its partners is attached hereto as Exhibit G.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 31st day of December, 2013, at San Diego, California.

s/ MICHAEL J. DOWD

MICHAEL J. DOWD

DECLARATION OF SERVICE BY ELECTRONIC 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 655 W. Broadway, Suite 1900, San Diego, California 92101.

2. That on December 31, 2013, declarant caused to be served by electronic mail to the parties the following document:

DECLARATION OF MICHAEL J. DOWD FILED ON BEHALF OF ROBBINS
GELLER RUDMAN & DOWD LLP IN SUPPORT OF APPLICATION FOR AWARD OF
ATTORNEYS' FEES AND EXPENSES

The parties' e-mail addresses are as follows:

Tkavaler@cahill.com	Zhudson@bancroftpllc.com
Pfaren@cahill.com	Mrakoczy@skadden.com
Dowen@cahill.com	Rstoll@skadden.com
Jhall@cahill.com	Mmiller@MillerLawLLC.com
Pclement@bancroftpllc.com	Lfanning@MillerLawLLC.com

I declare under penalty of perjury that the foregoing is true and correct. Executed this 31st day of December, 2013, at San Diego, California.

s/ TERESA HOLINDRAKE

TERESA HOLINDRAKE