

Ag

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. )                               |                               |

**FILED**

FEB - 8 2005

MICHAEL W DOBBINS  
CLERK, U.S. DISTRICT COURT

**SUPPLEMENTAL DECLARATION OF MONIQUE C. WINKLER IN SUPPORT OF  
LEAD PLAINTIFFS' MOTION FOR PROTECTIVE ORDER QUASHING THE  
HOUSEHOLD DEFENDANTS' THIRD-PARTY SUBPOENAS**

I, MONIQUE C. WINKLER, declare as follows:

1. I am an attorney duly licensed to practice before all of the courts of the State of California. I am associated with the law firm of Lerach Coughlin Stoia Geller Rudman & Robbins LLP, one of the counsel of record for plaintiffs in the above-entitled action. I have personal knowledge of the matters stated herein and, if called upon, I could and would competently testify thereto.

2. On December 9, 2004, Azra Mehdi, Luke Brooks and I met and conferred with Household Defendants through counsel Landis Best, Josh Newville, and Josh Greenblatt regarding the withdrawal of the Third-Party Subpoenas. During this meet and confer, the Household Defendants informed us that the Third-Party Subpoenas were a result of the deposition testimony of PACE's Fed. R. Civ. P. 30(b)(6) witness, Maria Wieck. In response, we suggested that the Household Defendants review *In re NeoPharm, Inc. Sec. Litig.*, No 02 C 2976, 2004 U.S. Dist. LEXIS 16287 (N.D. Ill. Aug. 17, 2004). We explained that the case holds that institutional investors may delegate investment decisions to investment advisors and that such delegation does not make PACE inadequate or preclude class certification.

3. During various meet and confers, counsel for the Household Defendants have taken the position that they will only produce documents for the Class Period (October 23, 1997 through October 11, 2002) in response to 28 of the 31 requests for production propounded by the plaintiffs on the Household Defendants. For the remaining three requests relating to investigations into conduct at issue in this litigation, the Household Defendants agreed to produce documents covering the period January 1, 1997 through October 11, 2002 and only those additional documents after the Class Period if they pertain to the Class Period.

4. Attached are true and correct copies of the following exhibits:

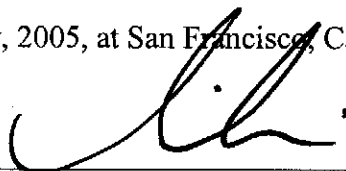
Exhibit A: Excerpts from Maria Wieck's deposition taken September 24, 2004;

Exhibit B: Letter from J. Kevin Ciavarra to Landis C. Best dated January 10, 2005;

Exhibit C: Letter from Sylvia Sum to Landis Best dated February 1, 2005; and

Exhibit D: Letter from William D. Anderson to Landis Best and David Owen dated February 1, 2005.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 7th day of February, 2005, at San Francisco, California.



---

MONIQUE C. WINKLER

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**EXHIBIT A**

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

LAWRENCE E. JAFFE PENSION PLAN, )  
on Behalf of Itself and all )  
Others Similarly Situated, ) Lead Case No.  
Plaintiff, ) 02-C-5893  
-vs- ) (Consolidated)  
HOUSEHOLD INTERNATIONAL, INC., ) CLASS ACTION  
et al., )  
Defendants. )

THIS TRANSCRIPT CONTAINS CONFIDENTIAL MATERIAL

The videotaped 30(b)(6) deposition of  
PACE by MARIA WIECK, called for examination, taken  
pursuant to the Federal Rules of Civil Procedure of  
the United States District Courts pertaining to the  
taking of depositions, taken before ELIZABETH A.  
HONDROS, a Notary Public within and for the County  
of Cook, State of Illinois, and a Certified  
Shorthand Reporter of said state, at Suite 1100, 224  
South Michigan Avenue, Chicago, Illinois, on the  
24th day of September, A.D. 2004, at 9:22 a.m.

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PRESENT:

LERACH, COUGHLIN, STOIA, GELLER, RUDMAN &  
ROBBINS, LLP,

(100 Pine Street, Suite 2600,  
San Francisco, California 94111,  
415-288-4545), by:

MS. AZRA Z. MEHDI,  
MR. RANDALL BARON, and  
MS. MONIQUE WINKLER,

appeared on behalf of the Plaintiff and  
the Deponent;

CAHILL GORDON & REINDEL, LLP,  
(80 Pine Street,  
New York, New York 10005,  
212-701-3406), by:

MR. THOMAS J. KAVALER,

-and-

EIMER STAHL KLEVORN & SOLBERG, LLP,  
(224 South Michigan Avenue, Suite 1100,  
Chicago, Illinois 60604,  
312-660-7628), by:

MR. ADAM B. DEUTSCH,

-and-



1 PRESENT: (Continued)

2

3

HOUSEHOLD,

4

(2700 Sanders Road,

5

Prospect Heights, Illinois 60070,

6

847-564-6312), by:

7

MS. ABRA C. SIEGEL, SR. COUNSEL,

8

appeared on behalf of The Household

9

Defendants.

10

11

MAYER, BROWN, ROWE & MAW, LLP,

12

(190 South LaSalle Street,

13

Chicago, Illinois 60603,

14

312-782-0600), by:

15

MS. LUCIA NALE and

16

MR. MARK D. BROOKSTEIN,

17

appeared on behalf of Arthur Andersen.

18

19

ALSO PRESENT:

20

MR. BRIAN FALK, Videographer with Esquire

21

Deposition Services.

22

23

REPORTED BY: ELIZABETH A. HONDROS, C.S.R.,

24

Certificate No. 84-4241

1 managers?

2 A. Yes.

3 Q. And PACE has a contract with one or more  
4 of them?

5 A. Yes.

6 Q. How many at the present time?

7 A. Can I take a second?

8 Q. Sure. Take all the time you need.

9 A. Eight.

10 Q. Okay. Now, you know what my next  
11 question is going to be, don't you?

12 A. You want to know who they are?

13 Q. Yes, please. How many of them can you  
14 name for me?

15 A. The Bank of New York.

16 Q. BONY is one.

17 A. Thompson Siegel.

18 Q. Okay.

19 A. Weaver Barksdale & Associates; Security  
20 Asset Management; Alliance Bernstein; Highland  
21 Capital; Batterymarch. I may have left them out  
22 when I counted eight, seven. Who am I missing? Oh,  
23 ICC.

24 Q. Okay. Now, those are the people who



1 currently are investment advisors to PACE?

2 A. Yes.

3 Q. And between October 23, 1997, and  
4 October 11, 2002, PACE was advised by those  
5 people -- some of those people and others?

6 A. Yes.

7 Q. And the ones who -- I'm going to read  
8 you some names. I take it they no longer advise  
9 PACE. Let's see if I can do this right.

10 McMorgan & Company?

11 A. Yes.

12 Q. They do or they don't?

13 A. They do or they don't what?

14 Q. Report to advise PACE.

15 MS. MEHDI: I'm sorry, slower.

16 THE WITNESS: Okay.

17 MS. MEHDI: Give me a minute to object.

18 Objection to form.

19 BY MR. KAVALER:

20 Q. They do or they don't currently -- let  
21 me say it this way: Should they be on your list of  
22 eight?

23 A. No.

24 Q. They stopped -- you no longer deal with

CONFIDENTIAL

1 them?

2 A. No, we don't.

3 Q. Since when?

4 A. I don't know the exact date of  
5 termination. It's been within the last 18 months.

6 Q. Why?

7 A. Performance.

8 Q. What about Independent Fiduciary  
9 Services? They advised PACE sometime in that period  
10 from '97 to '02?

11 MS. MEHDI: Objection to form.

12 BY THE WITNESS:

13 A. They advised them, but they're not an  
14 individual manager. They're not an -- Independent  
15 Fiduciary Services is not a portfolio manager.

16 BY MR. KAVALER:

17 Q. Okay, what's the difference?

18 A. They're an independent consultant.

19 Q. Okay, are they still an independent  
20 consultant?

21 A. Yes.

22 Q. What about First Tennessee Investment  
23 Management? Do you still do business with them?

24 A. Yes.

1 Q. And what are they, an advisor?

2 A. Yes, but they're now called Highland  
3 Capital.

4 Q. Okay. What about Valenzuela Capital  
5 Partners?

6 A. They're no longer an investment manager.

7 Q. Okay. When did they stop being an  
8 investment manager?

9 A. Let's see, 2000 or 2001, but I believe  
10 it was 2000.

11 Q. And why did they stop being an  
12 investment manager?

13 A. Performance.

14 Q. And what about Wright Investors'  
15 Services?

16 A. They were a manager, but they're no  
17 longer a manager.

18 Q. And they stopped being a manager when?

19 A. I don't recall the exact date.

20 Q. And the reason was?

21 A. Performance.

22 Q. Okay. So those people, the eight that  
23 you named at present, for example, make the  
24 investment decisions?

09:3

09:3

09:3

09:3

1 A. Yes.

2 Q. And maybe I'm not using the right  
3 terminology. To whom do they what? Do they report  
4 to somebody? Do they inform somebody? Do they  
5 advise somebody? In other words, who within PACE 09:3  
6 oversees the eight of them?

7 MS. MEHDI: Objection to form, compound.

8 You can answer.

9 BY THE WITNESS:

10 A. Well, can you divide the question out 09:3  
11 again so --

12 BY MR. KAVALER:

13 Q. Sure.

14 PACE has members, right? There are  
15 union members that belong to PACE? 09:3

16 A. By "PACE," do you mean The Union? Or by  
17 "PACE," do you mean the fund?

18 Q. Well, PACE The Union has members. Do  
19 you remember union members?

20 A. I'm not sure what you're -- who you're 09:3  
21 referring to when you're talking about PACE.

22 Q. Whose money is invested by your entity?

23 A. The participants of the PACE Industry  
24 Union Management Pension Fund.

1 Q. And who was responsible for overseeing  
2 the investment of those participants' funds?

3 A. The ultimate responsibility --

4 Q. Correct.

5 A. -- is with the board of trustees.

09:3

6 Q. And the board of trustees fulfills its  
7 responsible how?

8 A. By hiring an independent consultant and  
9 independent investment managers who make decisions.

10 Q. And on a day-to-day, week-to-week,  
11 month-to-month, quarter-to-quarter, year-to-year  
12 basis, how does the board keep an eye on the  
13 consultants and the managers to know whether they're  
14 doing a good job or not?

09:3

15 MS. MEHDI: Objection to form, compound.

09:3

16 BY THE WITNESS:

17 A. Okay, can you -- tell me what you're  
18 asking. Are you asking that -- I need -- can you  
19 ask it again? Sorry.

20 BY MR. KAVALER:

21 Q. Sure.

22 How does the board know -- you told me  
23 several of these managers were terminated because of  
24 poor performance.

1                   How did you come to know the performance  
2 was poor?

3           A.       The investment manager -- the investment  
4 consultant reports to the board of trustees, and the  
5 individual investment managers report to the board  
6 of trustees.

09:3

7           Q.       Periodically?

8           A.       Yes.

9           Q.       On the results?

10          A.       Yes.

09:3

11          Q.       What about on the investment strategy?

12 Does that come up from the managers and the  
13 consultant, or just come down from the board?

14          MS. MEHDI: Objection to form.

15 BY THE WITNESS:

16          A.       What do you mean by "strategy"?

17 BY MR. KAVALER:

18          Q.       Well, for example, who decides if it's a  
19 good time to buy auto stocks, or who decides if it's  
20 a good time to buy computer stocks, or who decides  
21 if it's a good time to sell chemical stocks, or who  
22 decides if it's a good time to short Latin-American  
23 companies, things like that?

09:3

24          MS. MEHDI: Objection to form, extremely

1 given day, BONY isn't selling General Motors while  
2 Batterymarch is buying it?

3 MS. MEHDI: Objection to form.

4 BY THE WITNESS:

5 A. No.

09:3

6 BY MR. KAVALER:

7 Q. Have you ever thought about that problem  
8 before?

9 A. No.

10 Q. So you don't know -- does the consultant  
11 perform that role?

09:3

12 A. No.

13 Q. Who is the consultant?

14 A. Independent Fiduciary Services.

15 Q. What, if any, guidelines does the PACE  
16 Industry Union Management Pension Fund give the  
17 consultant and the advisors to guide them?

09:3

18 MS. MEHDI: Objection to form.

19 Go ahead and answer.

20 BY THE WITNESS:

21 A. The fund has an investment policy, and  
22 each individual manager has investment guidelines.

23 BY MR. KAVALER:

24 Q. Where do the investment guidelines come

1 "Okay, Household."

2 That can't be what happened. What I'm  
3 asking is: How did the trustees decide -- I'm not  
4 asking -- let me be clear. I'm not asking you  
5 anything that outside counsel told the trustees or 09:4  
6 told you or anything. I'm not looking to inquire  
7 into advice that counsel gave.

8 Before counsel was retained, the  
9 trustees made a decision to retain counsel, correct?

10 A. Uh-huh. 09:4

11 Q. On what basis?

12 THE COURT REPORTER: Can you say a yes or a  
13 no?

14 THE WITNESS: Yes, sorry.

15 BY MR. KAVALER:

16 Q. On what basis did the trustees make the  
17 decision to retain counsel?

18 MS. MEHDI: Objection to form, vague, assumes  
19 facts not in evidence.

20 You can answer. 09:4

21 BY THE WITNESS:

22 A. The trustees made a decision. One of  
23 the trustees suggested that we interview a law firm  
24 to monitor our -- the fund's performance of the



1 assets.

2 BY MR. KAVALER:

3 Q. Which trustee?

4 A. He was a trustee of the OCAW plan.

5 Q. What's the OCAW plan?

6 A. The OCAW plan is the plan that merged  
7 into PIUMPF in 19 -- 2000.

8 Q. What's his name?

9 A. Bob Wages.

10 Q. And is he a management trustee or a  
11 union trustee?

12 A. Was a union trustee.

13 Q. And he's no longer a trustee, or he's no  
14 longer among us?

15 A. He's no longer a trustee.

16 Q. What does he do now?

17 A. I have no idea.

18 Q. This was at a trustees meeting?

19 A. Yes.

20 Q. You were present?

21 A. Yes.

22 Q. What did he say?

23 A. What did who say?

24 Q. Bob.

09:4

09:4

09:4

09:4

1 quarter of 2002.

2 Q. And what did PACE do in reaction to  
3 that? Did it purchase more securities, sell the  
4 securities it had, sit tight?

5 A. I don't know. 13:4

6 Q. Is there any way that PACE knows more  
7 about that subject than you do?

8 A. No.

9 Q. Who would know the answer to that  
10 question? 13:4

11 A. The custodian or the individual  
12 managers. Should I explain to you kind of how the  
13 whole relationship works?

14 Q. Sure.

15 A. It might just make things easier. 13:4

16 The trustees delegate, you know,  
17 administrative duties to the fund. They also  
18 delegate to the custodian -- I mean to the  
19 investment consultant the monitoring of investment  
20 managers. So the individual investment managers  
21 have guidelines that they operate under, the  
22 parameters of what they -- you know, in general of  
23 what they can buy, whether it's stocks or bonds or,  
24 you know, if there are any other parameters in their

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

LAWRENCE E. JAFFE PENSION PLAN, etc., )  
Plaintiff, )Lead Case No.  
-vs- )02-C-5893  
HOUSEHOLD INTERNATIONAL, INC., et al.) (Consolidated)  
Defendants. )CLASS ACTION

I hereby certify that I have read the foregoing transcript of my deposition given at the time and place aforesaid, consisting of Pages 1 to 237, inclusive, and I do again subscribe and make oath that the same is a true, correct and complete transcript of my deposition so given as aforesaid, and includes changes, if any, so made by me.

MARIA WIECK

SUBSCRIBED AND SWORN TO  
before me this day  
of , A.D. 200 .

Notary Public

1 STATE OF ILLINOIS )

2 ) SS:

3 COUNTY OF COOK )

4 I, ELIZABETH A. HONDROS, a Notary Public  
5 within and for the County of Cook, State of  
6 Illinois, and a Certified Shorthand Reporter of said  
7 state, do hereby certify:

8 That previous to the commencement of the  
9 examination of the witness, the witness was duly  
10 sworn to testify the whole truth concerning the  
11 matters herein;

12 That the foregoing deposition transcript  
13 was reported stenographically by me, was thereafter  
14 reduced to typewriting under my personal direction  
15 and constitutes a true record of the testimony given  
16 and the proceedings had;

17 That the said deposition was taken before  
18 me at the time and place specified;

19 That I am not a relative or employee or  
20 attorney or counsel, nor a relative or employee of  
21 such attorney or counsel for any of the parties  
22 hereto, nor interested directly or indirectly in the  
23 outcome of this action.

24 IN WITNESS WHEREOF, I do hereunto set my

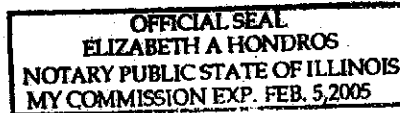
1 hand and affix my seal of office at Chicago,  
2 Illinois, this 28th day of September, 2004.

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*Elizabeth A. Hondros*

Notary Public, Cook County, Illinois.

My commission expires February 5, 2005.



C.S.R. Certificate No. 84-4241.

**EXHIBIT B**



Highland Capital Management, LP  
13455 Noel Road, Suite 1300  
Dallas, TX 75240  
972 628 4100

---

**F A X T R A N S M I T T A L**

**To:** Landis C. Best, Esq.

**From:** Kevin Ciavatta

Luke O. Brooks, Esq.

---

**Fax:** (212)277-0915

**Pages:** 2 (including fax cover)

(415)288-4534

---

**Phone:** n/a

**Date:** 01/10/05

---

**Re:** PACE and Highland Capital Management, CC:

L.P.

---

**Urgent**     **For Review**     **Please Comment**     **Please Reply**     **Please Recycle**

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• **Comments:**

HIGHLAND  CAPITAL  
Management, L.P.

January 10, 2005

VIA FACSIMILE (212-269-5420) AND CERTIFIED MAIL

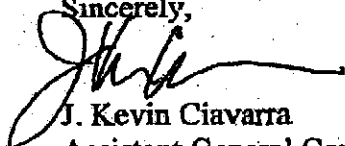
Landis C. Best, Esq.  
Cahill Gordon & Reindel, LLP  
80 Pine Street  
New York, NY 10005-1702

Dear Mr. Best,

This letter is drafted in response to your subpoena of Highland Capital Management, L.P., dated December 2, 2004 with respect to that certain case styled: *Lawrence E. Jaffe Pension Plan v. Household International, Inc., et al*, Case No. 02-C-5893 (RG/NN) (N.D. ILL.). After an intensive internal investigation, we believe that you have improperly identified us as a potential party to this litigation. Specifically, we do not believe that at any time during the period January 1, 1997 through December 31, 2003 did we ever act as an investment advisor to PACE Industry Union Management Pension Fund ("PACE"). In fact, we do not believe that any employee of Highland Capital Management, L.P. has ever even contacted PACE for any reason whatsoever. It is likely that if PACE was truly advised by a "Highland Capital," it must be one of several unrelated but similarly named entities located elsewhere in the United States.

If I can further assist you in this regard, please do not hesitate to contact me directly at 972-628-4178.

Sincerely,



J. Kevin Ciavarra  
Assistant General Counsel

JKC/crm

cc: Luke O. Brooks, Esq. (Via Facsimile 415-288-4534)



**EXHIBIT C**



SAN DIEGO • SAN FRANCISCO  
LOS ANGELES • NEW YORK • BOCA RATON  
WASHINGTON, DC • HOUSTON  
PHILADELPHIA • SEATTLE

Sylvia Sum  
sylvias@lerachlaw.com

February 1, 2005

VIA FACSIMILE

Landis Best, Esq.  
CAHILL GORDON & REINDEL LLP  
Eighty Pine Street  
New York, NY 10005-1702

Re: *Lawrence E. Jaffe Pension Plan v. Household International, Inc., et al.*  
Case No. 02-CIV-5893 (N.D. Ill.)

Dear Landis:

During our December 7 and 9, 2004 meet and confers, you represented to plaintiffs that, aside from the electronic discovery, the Household Defendants intended to complete production by March 2005. Given the current pace at which documents are being produced, plaintiffs are concerned that production in this first round of discovery will not be completed by the end of the year, let alone by March 2005, even though the requests have been outstanding since May 17, 2004. Despite the Household Defendants' repeated assertion that over 2.4 million pages have already been produced, the fact is that the vast majority of these documents had already been previously produced in other proceedings. There is no good reason why these documents should not have been produced to plaintiffs months ago.

In the interest of establishing a schedule for the production of documents responsive to Plaintiffs' First Request for Production of Documents from the Household Defendants, I write to summarize the status of document production thus far.

1. **No Production in Response to Request Nos. 4-5, 10, 13-14, 16-29**

The Household Defendants agreed to produce responsive documents with respect to the following requests, but, to date, no documents have been produced: Request Nos. 4-5, 10, 13 (as limited to incentive programs or promotions for management ranks, sales ranks and collection ranks), 14 (as limited to summaries and policies regarding discipline), 16-18 (those parts agreed by the parties, see below), 19-24 (as limited to compensation of the Individual Defendants), and 25-29. With only a couple of months remaining to meet the March 2005 deadline, plaintiffs ask that the Household Defendants begin production of documents responsive to these requests immediately.





Landis Best, Esq.  
February 1, 2005  
Page 2

## 2. Partial Production of Documents or Where Status of Production Is Unknown

Request No. 1 (investigations by federal or state agencies into lending practices)<sup>1</sup>: During the January 21, 2005 meet and confer, you represented that production relating to this request is complete. However, on January 28, 2005, plaintiffs received seven boxes "responsive to plaintiffs' requests concerning, *inter alia*, Household's lending policies and practices as well as investigations by state or federal agencies." Please advise if production relating to this request is complete or ongoing. If ongoing, plaintiffs request that you complete production by February 15, 2005. Since these documents were previously produced and the request has been outstanding for over eight months, there should be no further delay in producing these documents.

Request No. 2 (investigations by federal or state agencies into reaging): There is an unexplained gap between Bates HHS 02111554 and HHS 02115346. Please explain whether these documents are being withheld for privilege. If so, were they also withheld from the SEC? Also, please advise whether production relating to this request is complete. If incomplete, plaintiffs ask that you complete production by February 15, 2005 for the reasons outlined above.

Request No. 6 (sample loan documents): The Household Defendants have produced sample loan documents for each state. Plaintiffs are in the process of reviewing this production and will follow up with defendants regarding sufficiency upon completion of their review.

Request No. 7 (lending practices and policies): With respect to the recent production on January 28, 2005, the Household Defendants informed plaintiffs that the production was "responsive to plaintiffs' requests concerning, *inter alia*, Household's lending policies and practices as well as investigations by state or federal agencies." Please advise if this recent production was previously produced to a state or federal agency in connection with an investigation. Further, please advise if production relating to this request is complete.

Request No. 8 (organizational charts/employee directories): As discussed in numerous letters and telephone calls, including a January 7, 2005 letter detailing specific defects, production of organizational charts has been woefully inadequate, by failing to adequately demonstrate the corporate structure and interrelationship of the hundreds of Household subsidiaries. Household's two subsequent productions following the January 7 letter fail to correct these inadequacies and continue to be deficient.

The January 27, 2005 production consisting of 28 pages of organizational charts are incomplete sections of random business units lacking many years during the Class Period. In addition, the production included seven pages of organizational charts for Tax Masters and BTML,

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<sup>1</sup> The short-forms of the requests used in the headings are for convenience only. Plaintiffs do not intend to limit the requests by the use of abbreviations.



Landis Best, Esq.

February 1, 2005

Page 3

business units not listed on any of the previously produced organizational charts thereby making it impossible for plaintiffs to determine where or how these units fit within the Household structure.

Your one-page production of the September 2002 Mortgage Services organizational chart is insulting.

Finally, no employee directories have been produced to date. Plaintiffs will be moving to compel production of organizational charts and employee directories.

Request No. 9 (training materials): Per letter of December 15, 2004, plaintiffs requested that the approximately 50 videotapes and 25 audiotapes be copied and sent to us. Plaintiffs have not received these video and audiotapes. Please produce these tapes by February 15, 2005. Further, please advise plaintiffs if production relating to this request is otherwise complete.

Request Nos. 11 and 12 (structure/operational abilities of Vision and Vision system): As you are aware, it is plaintiffs' position that documents relating to any Vision enhancements resulting from the Consumer Protection Plan and/or any settlement with the Attorneys General or another federal or state agency are responsive to this request, as well as Requests 1-3 and 12, and must be produced. Please advise plaintiffs whether and, if so, when you intend to produce documents relating to Vision enhancements.

Request No. 15 (other lawsuits): In a December 15, 2004 letter, you stated that you have received legal pleadings and transcripts related to the *Luna* litigation on a rolling basis and would produce them shortly. See December 15, 2004 Greenblatt letter. We have not received any subsequent production relating to the *Luna* litigation. As discussed above, since the Household Defendants have had these documents for a significant period of time, please produce them promptly, along with any privilege logs produced in other litigations.

Request No. 30 (document destruction, retention and alteration policies): Please advise plaintiffs if production relating to this request is complete.

### 3. Requests Where Further Actions by Plaintiffs or Defendants Is Necessary

Request No. 3 (communications with federal or state agencies): The Household Defendants agreed to produce communications between Household and the Individual Defendants and the SEC or other state or federal agencies, as limited to the topics of reaging, predatory lending and the restatement. Upon a review of the non-public SEC request provided to plaintiffs on January 28, 2005, plaintiffs do not object to treating SEC requests as confidential. Notwithstanding the resolution of the SEC requests, plaintiffs expect production of communications with various Attorneys General and other state and federal agencies. To date, no documents have been produced. Please produce these documents.

Request No. 14 (management and employee discipline): In addition to agreeing to production of summaries and policies regarding discipline (which have not been produced yet), the



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parties agreed to discuss searches of individual personnel files at a later date. However, due to the deficiencies in the production of organizational charts and employee directories, plaintiffs have been unable to limit the search of individual personnel files to specific persons. Thus, please produce promptly all summaries and policies. Plaintiffs will defer further action pursuant to this request until such production.

Request No. 17 (KPMG work performed for Household): The Household Defendants agreed to produce documents regarding work performed by KPMG related to predatory lending, reaging and the restatement and any work performed by KPMG on financials that were reported during the Class Period. To date, no documents have been produced. Please advise when you expect to produce these documents.

In addition, the Household Defendants informed plaintiffs that KPMG performed other services for numerous subsidiaries and that documents relating to such services will be voluminous. Plaintiffs informed the Household Defendants that due to the deficient production of organizational charts, plaintiffs did not have an understanding regarding Household's structure and interrelationships of its various subsidiaries. Thus, plaintiffs cannot limit this request, and ask for a complete production of responsive documents.

Request No. 18 (Andersen work performed for Household): The Household Defendants agreed to produce documents regarding: i) work performed by Andersen related to allegation of predatory lending, improper reaging and the restatement, ii) any work performed by Andersen on financials that were reported during the Class Period, and iii) consulting work performed by Andersen. To date, no documents have been produced. Please produce these documents promptly.

As with Request No. 17, plaintiffs cannot limit this request with respect to other services performed due to the deficient production of organizational charts.

Request No. 31 (preservation and retention of documents for this litigation): Defendants objected on the basis of privilege. Please provide a privilege log for documents withheld.

Very truly yours,

A handwritten signature in black ink, appearing to read "Sylvia Sum".

Sylvia Sum

SS:jc

cc: Marvin A. Miller, Esq.  
Adam Deutsch, Esq.

**EXHIBIT D**



SAN DIEGO • SAN FRANCISCO  
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WASHINGTON, DC • HOUSTON  
PHILADELPHIA • SEATTLE

William D. Anderson  
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February 1, 2005

VIA FACSIMILE 212/269-5420

Landis Best, Esq.  
David Owen, Esq.  
CAHILL GORDON & REINDEL LLP  
Eighty Pine Street  
New York, NY 10005-1702

Re: *Lawrence E. Jaffe Pension Plan v. Household International, Inc., et al.*  
Case No. 02-CIV-5893 (N.D. Ill.)

Dear Landis and David:

I write to memorialize the January 31, 2005 meet and confer wherein we discussed the Household Defendants' Amended Responses and Objections to Plaintiffs' First Set of Interrogatories.

Defendants' responses to Interrogatory No. 1, merely designating documents from which you claim the answers to the interrogatory request could be derived, was an improper use of the Business Records Option under Rule 33(d). First, it is impossible to determine what facts you rely on from the documents referenced. It would be less burdensome for you to simply state the facts upon which your affirmative defenses are based than for us to speculate which facts in the documents you intend to rely on. Further, as we discussed, use of Rule 33(d) is improper in this context and is reserved for broad inquiries seeking identities, quantities, data, or test results that *could only* be ascertained through the search of numerous documents.

Your claim that our interrogatories seek legal theories, not facts, and that interrogatories at this stage are premature, falls flat. We seek all facts supporting your affirmative defenses and your legal theories. You have provided neither. You also stated that your responses to the interrogatories failed to list facts and only referenced documents because that was the only answer you could give at this time. This begs the question of how you came up with your defenses in the first place. On this basis you have refused to amend the responses to the interrogatories, but said you would review legal authority provided by plaintiffs and let us know by February 4, 2005.

In response to Interrogatory No. 2, you merely refer to all persons listed in the Initial Disclosures filed by the parties pursuant to Rule 26(a)(1), without specifying which facts each



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witness has knowledge about. Our interrogatories seek the names of the persons with knowledge of the facts related to Defendants' affirmative defenses. As we explained, this information is vital to our ongoing efforts to further narrow our investigation and focus our discovery requests.

You refused to provide any clarification regarding which persons listed in the Initial Disclosures had knowledge of the facts relating to which affirmative defense. Again you claimed it is too early in your investigation to provide this information. However, you have access to most, if not all, of the witnesses listed and are obligated to determine what information they have. Instead, you refuse to state even whether you have had discussions with the persons listed in the Initial Disclosures, nor would you provide information regarding the progress of your investigation.

We are disappointed in the inadequate responses provided by Defendants particularly in light of plaintiffs' willingness to defer interrogatory requests on nine of Defendants' 22 affirmative defenses. Interrogatories on these nine affirmative defenses were deferred specifically because: (1) Defendants stated that information on the nine deferred affirmative defenses was not currently available, but that they could provide responses to the remaining 13; and (2) Plaintiffs desired to move forward and receive discovery on those remaining 13 affirmative defenses. Incredibly you now come back and fail to list a single fact in response to the other 13 affirmative defenses claiming that the information is currently not available. As we informed you, any motion to compel filed regarding this matter will also include the deferred interrogatories on the nine affirmative defenses.

We intend to file a motion to compel further responses on February 18, 2005 unless you agree by February 4, 2005 to adequately amend your interrogatory responses.

Very truly yours,

A handwritten signature in black ink, appearing to read "W Anderson".

William D. Anderson

WDA:mm

cc: Marvin A. Miller, Esq.  
Adam Deutsch, Esq.