

**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.)	
_____)	

**THE CLASS' MEMORANDUM IN SUPPORT OF MOTION TO COMPEL RESPONSES
TO SECOND SET OF INTERROGATORIES FROM HOUSEHOLD DEFENDANTS**

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In support of the Class' Motion to Compel Responses to the Second Set of Interrogatories from Household Defendants, plaintiffs submit as follows:

Defendants have failed to provide responsive information as to Interrogatory Nos. 4-12 & 18 and asserted improper and meritless objections. The two primary bases upon which defendants have refused to answer Lead Plaintiffs' Second Set of Interrogatories ("Interrogatories") are that (1) the information sought is not relevant; and (2) even if relevant, the burden on Household International, Inc. and Household Finance Corporation (collectively, "Household") outweighs the prejudice to the Class. Despite numerous meet and confers, defendants continue to stall the discovery process by providing incomplete information demanding more time to respond and still failing to provide responsive information. *See generally* Declaration of D. Cameron Baker Evidencing Compliance with Local Rule 37.2 and in Support of the Class' Motion to Compel Responses to Second Set of Interrogatories from Household Defendants ("Baker Decl."), filed concurrently herewith. The parties have met and conferred unsuccessfully with respect to each of these interrogatories.

In addition to specifically detailing the nature of the dispute with respect to the specific interrogatory in the Argument section of the brief, for the Court's convenience, plaintiffs have also attached a summary chart detailing the parties' respective positions. *See* Exhibit A, attached hereto.

I. PRELIMINARY STATEMENT

The Class' securities fraud action against defendants is based, *inter alia*, on Household's pervasive predatory lending practices during the Class Period (October 23, 1997 to October 11, 2002). These predatory lending practices included unlawful practices relating to "discount points," (¶¶61-67);¹ unnecessary "piggyback" second loans at rates in excess of 20% (¶¶75-82); the

¹ All paragraph ("¶") references are to the Corrected Amended Consolidated Class Action Complaint for Violation of the Federal Securities Laws ("Complaint") unless otherwise noted.

“effective” interest rate scam under Household’s EZ Pay Plan (¶¶55-60); prepayment penalties (¶¶68-70) and sales of single premium credit life insurance. *See* ¶¶71-74; *see also* ¶¶51-54. Plaintiffs allege that all of Household’s branches uniformly engaged in these predatory practices because at least between 1997 through 2002, trainers from Household’s corporate headquarters in Illinois visited branch offices to provide training on these predatory practices. ¶¶54, 68, 72, 90, 96.

During the Class Period, defendants represented to the investing public that Household did not engage in predatory lending practices or generate revenues from predatory lending practices. *See, e.g.*, ¶¶83-96, 314, 329-330. Indeed, even after being sued by consumer groups in many different states in early 2002, defendants assured the financial community that these lawsuits were meritless and would not have a material impact upon Household’s financial statements. *See* ¶317 (quoting statements from Household and defendant David Schoenholz), ¶¶320, 329. Defendants also represented to the investing public that a negative Washington state regulatory report regarding Household’s widespread predatory lending practices reflected only a “localized” problem in Bellingham, Washington. ¶¶89-91, 330.

On October 11, 2002, Household announced a settlement of predatory lending claims in which it agreed to pay \$484 million in restitution to customers nationwide. ¶97. In the press release announcing the settlement, defendant William Aldinger admitted that Household had engaged in predatory lending practices. *Id.* As part of the settlement, Household agreed to reform the very lending practices that the Class alleges defendants used to improperly and artificially inflate their revenues. *See* ¶99; *see also* Baker Decl., Ex. 20 (Consent Judgment and Permanent Injunction).² Defendants have denied plaintiffs’ allegations regarding the existence of predatory lending practices

² There are similar consent decrees with the other 49 states that are part of the Multi-State Attorney General settlement, where Household agreed to reform these lending practices in those states.

and the materiality of the revenues associated with these practices. *See* First Amended Answer of Household International, Inc., Household Finance Corporation, William F. Aldinger, David A. Schoenholz, Gary Gilmer, and J.A. Vozar to [Corrected] Amended Consolidated Class Action Complaint (“First Amended Answer”) (Docket No. 346) at 49, 230.

On September 21, 2005, plaintiffs propounded the Interrogatories. Baker Decl., Ex. 1. These Interrogatories consist of 15 questions requesting information as to Household’s predatory lending practices as well as the training relating to lending policies and practices. On October 24, 2005, defendants submitted their response in which they refused to answer each and every interrogatory on the ground that the Class had exceeded the 25 interrogatories authorized under the Federal Rules of Civil Procedure. Baker Decl., Ex. 2. The parties met and conferred on this objection and by November 3, 2005, defendants agreed to provide supplemental responses on December 16, 2005. Baker Decl., ¶4. Plaintiffs advised defendants via letter that pursuant to Fed. R. Civ. P. 33, defendants could not raise new objections. *See* Baker Decl., Ex. 3.

On December 16, 2005, defendants served their supplemental response to the Interrogatories. Baker Decl., Ex. 5. This response included new objections, including new specific objections to the phrasing and scope of each of the interrogatories. Based on these new objections, defendants refused to answer many of the interrogatories, or improperly limited their responses. On December 19, 2005, plaintiffs via letter identified the deficiencies in defendants’ December 16, 2005 supplemental response. Baker Decl., Ex. 7. Defendants responded on December 21, 2005. Baker Decl., Ex. 8. On December 23, 2005, defendants served their second supplemental responses to the Interrogatories, which included new substantive responses to Interrogatory Nos. 5(a) and 8(a) as well as a slight modification to Interrogatory No. 17. Baker Decl., Ex. 9. In many of their responses, defendants limited the substantive information provided to the time period January 1999 through October 2002.

The meet and confer process was not productive in resolving the disputes at issue. As detailed in the Baker Decl., since January 4, 2006, when the parties commenced direct telephonic communications, plaintiffs have been requesting Household to produce responsive information as to Interrogatory Nos. 4-12. Baker Decl., ¶¶11-20. In this process, Household has been a non-responsive participant, always requesting additional time to evaluate issues but after that time had elapsed, requesting more time to respond. *See id.* For Interrogatory No. 18, Household's conduct was even more inappropriate. After representing on January 10, 2006 that it would supplement its response, on January 19, 2006 Household suddenly announced it would not do so. Baker Decl., ¶20.

Accordingly, defendants should be compelled to answer the Interrogatories and the Class awarded sanctions for defendants' persistent discovery violations.

II. ARGUMENT

The Class is entitled to answers to the Interrogatories. “[A] request for discovery must be complied with unless it is clear that there is no possibility that the information sought may be relevant to the subject matter of the litigation.” *Schaap v. Executive Indus., Inc.*, 130 F.R.D. 384, 386 (N.D. Ill. 1990). The information requested by the Class here is clearly relevant. Even where the relevance of discovery is not apparent on its face, relevancy “is to be more loosely construed at the discovery stage than at the trial.”³ *Id.*; *see also EEOC v. Staffing Network, L.L.C.*, Case No. 02 C 1591, 2002 U.S. Dist. LEXIS 21318, at *2 (N.D. Ill. Oct. 31, 2002) (“The test for relevance in the discovery area is an extremely broad one.”). As discussed in greater detail below, the Court should compel defendants to supplement their responses to each of the interrogatories at issue. Defendants' initial objections are either meritless on their face or inapplicable. Baker Decl., Ex. 3 at 1-7, 9-10. Further, defendants are precluded from raising new objections to the Interrogatories because

³ All internal quotations and citations are omitted unless otherwise indicated.

objections not raised within 30 days are waived under Fed. R. Civ. P. 33(b)(4). Even if Household were allowed to raise new objections, the new, untimely objections based on relevance and burden lack merit and should be overruled. Because defendants lack a reasonable basis for their dilatory conduct, the Court should also award sanctions against defendants.

A. Household's October 24, 2005 Objections Are Meritless on Their Face or Inapplicable

Defendants' October 24, 2005 response consisted of 11 general objections and a few specific objections to each of the interrogatories at issue. *See* Baker Decl., Ex. 2. Each of the General Objections contains the phrase "to the extent" and thus, are meritless on their face as lacking the specificity required by Fed. R. Civ. P. 33(b)(3). *Swackhammer v. Sprint Corp. PCS*, 225 F.R.D. 658, 660 (D. Kan. 2004) (cited by this Court in *Portis v. City of Chicago*, Case No. 02 C 3139, 2005 U.S. Dist. LEXIS 7972, at *31 n.12 (N.D. Ill. Apr. 15, 2005); *Starlight Int'l, Inc. v. Herlihy*, 181 F.R.D. 494, 497 (D. Kan. 1998). The "Court has characterized these types of objections as worthless for anything beyond delay of the discovery." *Swackhammer*, 225 F.R.D. at 660-61 (citing *Sonnino v. Univ. of Kan. Hosp. Auth.*, 221 F.R.D. 661, 667 (D. Kan. 2004)). In these circumstances, the Court should treat defendants' General Objections "as if they were never made." *Ritacca v. Abbott Labs.*, 203 F.R.D. 332, 335 n.4 (N.D. Ill. 2001).

Further, the specific objections raised as to each interrogatory do not support defendants' refusal to provide the information at issue. The objection based on plaintiffs exceeding the 25 interrogatory limit is no longer relevant, if it ever was. As this is the only specific objection raised as to Interrogatory No. 4 (training on Household's lending practices), defendants have an obligation to provide a complete and full response to that interrogatory.

The remaining specific objections are equally unhelpful to defendants. In response to Interrogatory Nos. 5-9, defendants refused, without justification, to provide information relating to business units and/or subsidiaries other than those they claim are relevant to this litigation.

Similarly, for Interrogatory Nos. 10-12, defendants objected as follows: “Defendants further object to this interrogatory as vague and ambiguous. To the extent that this interrogatory is intended to request information relating to Household, defendants incorporate General Objection No. 9 above.” Baker Decl., Ex. 2 at 6-7. These objections are meritless based on their lack of specificity. *See, e.g., Jones v. Syntex Labs., Inc.*, No. 99 C 3113, 2001 U.S. Dist. LEXIS 17926, at *7 (N.D. Ill. Oct. 24, 2001). In any event, defendants waived these objections by not raising them in a timely manner. *See Baker Decl., Ex. 9. at 7-11.* Further and equally importantly, the dispute between the parties as to these interrogatories does not turn on these objections.

Similarly, in their response to Interrogatory No. 18, defendants objected to identification of all documents supporting their responses as unduly burdensome. This objection does not entitle them to refuse to identify the documents supporting each of their other responses. *See Portis*, 2005 U.S. Dist. LEXIS 7972, at **16-17.

For the foregoing reasons, defendants’ October 24, 2005 objections do not support their refusal to produce complete and full information in response to Interrogatory Nos. 4-12 & 18. Accordingly, the Court should compel further responses to each of these interrogatories.

B. Defendants’ December 16, 2005 Objections Based on Relevance and Burden Lack Merit

In their supplemental responses, defendants raised new objections to the interrogatories at issue. *See, e.g., Baker Decl., Ex. 9.* First, the addition of new objections after the initial response is expressly precluded by Rule 33(b)(4). Any objection not raised in defendants’ initial October 24, 2005 response has been waived due to their failure to timely assert it. *Fonville v. District of Columbia*, 230 F.R.D. 38, 42 (D.D.C. 2005); *Safeco Ins. Co. v. Rawstrom*, 183 F.R.D. 668, 669-71 (C.D. Cal. 1998). Pursuant to Rule 33(b)(3), a party must state its objections to any interrogatory within 30 days of service. Under Rule 33(b)(4), “[a]ny ground not stated in a timely objection is waived.” Paragraph (b)(4) was added in 1993 “to make clear that objections must be specifically

justified, and that unstated or untimely grounds for objection ordinarily are waived.” Advisory Committee Notes, 1993 Amendment; *see Jones*, 2001 U.S. Dist. LEXIS 17926, at *3 (citing same).

Prohibiting the raising of new objections after the initial response is important to prevent undue stalling by the respondent. Otherwise, a respondent, like Household here, can drag out the meet and confer process by raising new objections in a supplemental response that must be discussed, resolved and possibly addressed via motion by the Court. *See Safeco*, 183 F.R.D. at 671 (discussing this scenario). By requiring all objections to be submitted in the initial response, Rule 33(b)(4) precludes this form of stalling.

During the meet and confer, defendants contended that they could add “specificity” to prior objections. *See Baker Decl.*, Ex. 8 at 1. This contention ignores the requirement as stated in Rule 33(b)(4) that all objections must be stated “with specificity” within 30 days. *Jones*, 2001 U.S. Dist. LEXIS 17926, at *3. Thus, under Rule 33(b)(4), Household must raise all “more specific” objections in the original response. *Hobley v. Burge*, Case No. 03 C 3678, 2003 U.S. Dist. LEXIS 20585, at *10 (N.D. Ill. Nov. 10, 2003) (party must serve actual objections within time set under Federal Rules of Civil Procedure). Ironically, Household’s admission that it needs to add “specificity” to its prior objections confirms that the original boilerplate objections lack the requisite specificity. *See Ramirez v. County of Los Angeles*, 231 F.R.D. 407, 409 (C.D. Cal. 2005).

For the reasons discussed, the Court should strike all new objections raised by Household subsequent to its initial October 24, 2005 response. *See, e.g., Ramirez*, 231 F.R.D. at 410 (court will not consider any objections that were not asserted in the responding party’s original discovery responses); *Safeco*, 183 F.R.D. at 671. These new objections include General Objection Nos. 1-5 & 10 and all of the specific objections raised in the individual responses.

Even if the Court were to consider defendants’ untimely objections based on relevance and burden, these objections should be overruled in their entirety. “The Federal Rules of Civil Procedure

contemplate liberal discovery, and ‘relevancy’ under Rule 26 is extremely broad.” *For Your Ease Only, Inc. v. Calgon Carbon Corp.*, No. 02 C 7345, 2003 U.S. Dist. LEXIS 20267, at *4 (N.D. Ill. Nov. 10, 2003). Further, in the context of a securities class action involving claims in the hundreds of millions of dollars, the burden on Household in providing the specific information requested is minimal and does not meet the “undue” level required to sustain its objections. *Federal Deposit Ins. Corp. v. Mercantile Nat’l Bank of Chicago*, 84 F.R.D. 345, 349 (N.D. Ill. 1979) (unduly burdensome objection rejected where the objecting party could identify documents containing responsive information under then Fed. R. Civ. P. 33(c)); *Board of Educ. v. Admiral Heating & Ventilating, Inc.*, 104 F.R.D. 23, 30 (N.D. Ill. 1984) (interrogatories not unduly burdensome in the context of relevance of information, complexity of lawsuit, importance of substantive issues and no showing of financial weakness of responding party); *Fridkin v. Minnesota Mut. Life Ins. Co., Inc.*, No. 97 C 0332, 1998 U.S. Dist. LEXIS 1017, at **8-9 & n.6 (N.D. Ill. Jan. 28, 1998) (unduly burdensome objection overruled where even though search of files would be required, files were likely computerized or stored in some other automated form). As shown below, the information sought by the Class is critically relevant and in light of the magnitude and importance of this case, there is no undue burden on the Household defendants in providing this information.

1. Interrogatory No. 4

This interrogatory calls for defendants to identify those departments and individuals responsible for training employees during the Class Period with respect to lending practices and policies at Household. Baker Decl., Ex. 1 at 2. Training regarding Household’s lending practices and policies is highly relevant in this case. *See, e.g.*, ¶54; *see also* ¶59 (training regarding EZ Pay Plan), ¶63 (training regarding discount points), ¶70 (training regarding prepayment penalties), ¶72 (training regarding insurance packing), ¶78 (instructions regarding “up-selling”). In response to Interrogatory No. 4, Household limited its response to those “primarily responsible” for training

employees in Household's Consumer Lending business unit with respect to lending practices. To date, Household has refused to identify the departments or individuals "responsible" for training regarding lending practices for all business units. Baker Decl., ¶13.

Household's new objections to Interrogatory No. 4 do not support this refusal. These objections include a boilerplate "relevancy" objection, which fails to specify how the responsive information is irrelevant or beyond the scope of discovery, and the objection as to any information pertaining to business units other than the Consumer Lending business unit, which includes the improper phrase "to the extent" *and* fails to identify the basis for the objection.⁴ See Baker Decl., Ex. 9; *Ritacca*, 203 F.R.D. at 335 n.4; *Swackhammer*, 225 F.R.D. at 660.

The weakness of Household's position was confirmed during the meet and confer when it acknowledged that it was aware of individuals, such as Lew Walter, involved in training on lending practices that it did not identify. Baker Decl., ¶13. Defendants now contend they are not required to identify these individuals because it would be unduly burdensome for them to attempt to identify all such individuals. *Id.* Defendants have an *obligation* to identify all individuals that they now know of who are within the scope of the interrogatory. Further, there is no undue burden on Household in identifying responsive department and individuals given the size and seriousness of this litigation. See *Evanston Township*, 104 F.R.D. at 30.

As to defendants' limitation to training the Consumer Lending business unit, this limitation is only justified if that business unit was the only unit to receive training regarding lending practices.

⁴ They also include an objection to the terms "responsible" and "lending practices and policies" as vague and ambiguous and indeed, it did not raise this objection during the meet and confers. See *Schaap*, 130 F.R.D. at 387 (interrogatory that called for identification of individuals involved in manufacturing, marketing and sale of vehicle was not vague and ambiguous); Baker Decl., ¶13 (objection not raised during meet and confer process).

However, defendants refused to make this representation.⁵ Baker Decl., ¶12. Absent any specific justification, defendants are required to comprehensively respond with all the information in their possession.

2. Subpart (a) to Interrogatory Nos. 5-8

These interrogatories request quarterly revenue information concerning particular predatory lending practices at Household from 1997 through the end of 2003. Household has provided or agreed to provide information only within the time period from January 1999 through October 2002 with the exception of Interrogatory No. 7(a), where Household provided revenues derived from the sale of single premium credit life insurance through the end of 2002. Household has refused to provide pre-1999 information on the grounds of burden and post-October 2002 information on the grounds of relevance. The Court should compel Household to provide all responsive information from 1997 to the end of 2003.

There is no dispute that financial revenues associated with Household's particular predatory lending practices in 1997 and 1998 is relevant. Given this, Household cannot legitimately complain about the burden associated with tracking down the requested information. *Schaap*, 130 F.R.D. at 387. More importantly, Household has procrastinated its search for this information. During a telephonic discussion on January 17, 2006, counsel for Household acknowledged that responsive information was located in archived files, but that Household had not yet reviewed the materials in those files as of this late date. (Indeed, as of today's date, Household has not confirmed whether it has searched these archived files in response to plaintiffs' prior document requests, which would cover documents containing responsive information.) See Baker Decl., Ex. 16; *Brown v. Sheahan*,

⁵ Household initially indicated it would make a suitable representation as to the business units that received such training, but substituted a representation that individuals from its Mortgage Services business unit did not provide such training.

No. 93 C 5779, 1994 U.S. Dist. LEXIS 5223, at **5-6 (N.D. Ill. Apr. 20, 1994) (Court rejected unduly burdensome objection where review involved thousands of “not well-organized” records particularly in light of fact that burden was “self-imposed: Had the defendants reviewed documents during the past five months instead of ignoring discovery requests, the burden would have been far less than ‘overwhelming.’”).

With respect to post-Class Period information, defendants’ objection as to relevance is particularly improper.⁶ Indeed, Household itself has cited cases to this Court establishing the relevance of post-Class information. *See* Household Defendants’ Opposition to Lead Plaintiffs’ Motion for Protective Order (Docket No. 201) at 11 (citing *In re Control Data Corp. Sec. Litig.*, Master Docket 3-85-1341, 1987 U.S. Dist. LEXIS 16829, at **7-8 (D. Minn. Dec. 10, 1987), *aff’d* 1988 U.S. Dist. LEXIS 18603 (D. Minn. Feb. 22, 1988)). In this case, defendants repeatedly informed investors that it did not engage in predatory lending practices. *See supra* at 1. After being sued in class actions relating to its predatory lending practices, Household again denied engaging in such activities. *Id.* Subsequently, in December 2002, Household agreed to a settlement with a multi-state group of Attorneys General to cease certain predatory lending practices. *See* First Amended Answer at 59 (admitting “that as part of the settlement Household agreed to change various of its consumer lending practices”). Baker Decl., Ex. 20 at 10-18. A comparison of pre-settlement and post-settlement revenues (2003) relating to these practices will reveal much about the impact on revenues associated with Household’s predatory lending practices, the practices that Household denies it engaged in and that it denies have any material financial impact on its revenues.

⁶ Household has raised this same objection with respect to plaintiffs’ document requests. Absent a change of position by Household on this issue, plaintiffs will out of necessity file a separate motion as to that discovery dispute in the future.

3. Interrogatory No. 6(a)

In addition to limiting the information from 1999 to October 2002, defendants have agreed to provide revenue information for discount points only as blended with origination fees. According to defendants, it would be difficult to break out the discount points from origination fees because while origination fees are standard in a particular state, the fee might vary from year to year or state to state. *Id.* Thus, Household asserts it is too burdensome for it to provide discount fee information only.

The quarterly revenues from discount points are relevant to this case. That the compilation of the data requires time and effort is not a sufficient basis for refusal to provide it, particularly where Household has greater resources and knowledge in terms of breaking out the relevant revenues. *See, e.g., United States v. E.I. Du Pont De Nemours & Co.*, 13 F.R.D. 98, 102 (N.D. Ill. 1952) (overruling objection as to burden; magnitude of work attached to compiling the requested statistics is a factor to be considered and not determinative if the relevancy of the information is clear). Defendants should provide the discount point information by itself.

4. Subpart (b) to Interrogatory Nos. 5-8; Interrogatory Nos. 9-12

As to each of these interrogatories, Household refused to provide responsive information on the grounds that generating the information would require it to run a search of a database involving time and expense. Baker Decl., ¶14. As defendants view this information as lacking relevance, they thus claim that the burden on compiling the information outweighs the benefit. *Id.* Defendants' position is illogical.

First, as with the earlier interrogatories, it is rather remarkable that defendants dispute the relevancy of basic information relating to predatory lending practices painstakingly detailed in the Complaint. A discovery request "should be considered relevant if there is any possibility that the information sought may be relevant to the subject matter of the action. *EEOC*, 2002 U.S. Dist.

LEXIS 21318, at *2. As explained during the meet and confers, this basic information, the quarterly number of loans, is relevant to the pervasiveness and materiality of these practices over time. Baker Decl., ¶14. For example, how many loans in a particular quarter involved prepayment penalties will show just how pervasive this practice was.

Similarly, loan number information and the revenue figures (subpart a) can be used to determine the average revenues attributable to a particular predatory lending practice. For example, plaintiffs can use these two numbers to calculate how the average discount points per loan fluctuated over time. Fluctuations of this average discount point revenue per loan over time will be telling. For example, if this average increases over time until sometime in 2002 and then drops precipitously thereafter, plaintiffs will have established, *inter alia*, the pervasiveness and materiality of this practice to Household's financials.

Similarly, the EZ Pay Plan revenues and non-EZ Pay Plan revenues requested in Interrogatory Nos. 9-10 are patently relevant. Indeed, plaintiffs allege that "[b]y early 2000, the EZ Pay Plan accounted for one-third of Household's new loan originations." ¶94. Defendants have denied this factual allegation. First Amended Answer at 56.

Likewise, information requested by Interrogatory Nos. 11 and 12, the quarterly percentage and loan amount numbers relating to the situation where the borrower has a second loan in excess of 20%, are germane. Again, Household's predatory lending practices associated with this type of second loan are detailed in the Complaint. *See, e.g.*, ¶75. Defendants have denied these allegations. *See, e.g.*, First Amended Answer at 43.

Nor can Household legitimately raise a burden defense. Given the relevancy of the responsive information, Household bears a heavy burden on showing the undue burden involved in compiling this information. A rote recitation that Household does not maintain this information in the ordinary course of its business does not meet this burden. Nor can Household merely rely on the

fact that it would have to compile information from sources other than its general ledger or run a computer search. *Fridkin*, 1998 U.S. Dist. LEXIS 1017, at **8-9 & n.6. As the courts have repeatedly stated, that research and effort are involved in providing responsive information is not sufficient to find undue burden. *See Schaap*, 130 F.R.D. at 387.

5. Interrogatory No. 18

Interrogatory No. 18 requests the identification of all documents supporting defendants' responses to Interrogatory Nos. 4-16 by Bates number. Baker Decl., Ex. 1 at 7. Defendants' current response only references some of the documents supporting to respond to Interrogatory No. 15. Baker Decl., Ex. 9 at 21. Given defendants' responses to the other interrogatories, there must be documents supporting those responses. For example, it would be impossible to generate the revenue information provided as to Interrogatory No. 5(a) absent reference to documentary evidence whether hard copy or electronic. Baker Decl., Ex. 9 at Ex. B. Despite earlier representations on January 10 that they would supplement this response, on January 19, 2006, defendants refused to supplement their response to Interrogatory No. 18. Baker Decl., ¶20. Defendants' refusal to answer this interrogatory undermines and calls into question the reliability of even the partial responses provided thus far for some of the Interrogatories. As noted by Magistrate Judge Geraldine Soat Brown in *Hobley v. Burge*, Case No. 03 C 3678, 2003 U.S. Dist. LEXIS 18363 (N.D. Ill. Oct. 14, 2003): "This gamesmanship is antithetical to the principles of discovery under the Federal Rules." *Id.* at *6. This Court should no longer countenance defendants' stall tactics in the Class' efforts to seek plainly discoverable information.

III. CONCLUSION

For the foregoing reasons, the Class respectfully requests the Court grant its motion and compel and order the Household defendants to answer Interrogatory Nos. 4-12 & 18 within one week of the Court's order. Further, the Class requests sanctions against defendants for persistent abuse of discovery principles.

DATED: January 20, 2006

Respectfully submitted,

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Exhibit A

Interrogatory No. & Description	Responsive Information that Plaintiffs Want But Household Won't Provide	Basis for Household's Refusal to Provide Information	Reason to Compel
No. 4: Identification of Departments and Individuals Responsible for Training Employees Re Lending Practices	Identification of those "responsible" (vs. "primarily responsible") for training; identification of those who trained employees in business units outside the Consumer Lending business unit	Unduly burdensome	Minimal burden in identifying responsible individuals; training of employees in other business units on lending practices is relevant
No. 5(a) Quarterly Finance Charges & 5(b) Quarterly No. of Loans With Finance Charges for Real Estate Loans	For part (a), the 1997 and 1998 information and November 2002 through December 2003; for part (b), all information	Part (a) provision of 1997 and 1998 information allegedly unduly burdensome; post-October 2002 information allegedly not relevant as outside the Class Period; part (b) provision of any loan information allegedly unduly burdensome	Part (a) 1997 and 1998 information is highly relevant as within Class Period and not unduly burdensome given this relevance; post-Class Period information is relevant to materiality and effect of predatory lending practices settlement; part (b) loan information should be easy to compile via computer search

Interrogatory No. & Description	Responsive Information that Plaintiffs Want But Household Won't Provide	Basis for Household's Refusal to Provide Information	Reason to Compel
No. 6(a) Quarterly Discount Points & 6(a) Quarterly No. of Loans with Discount Points for Real Estate Loans	For part (a), Household will only provide revenue information blended with revenue information re origination fees; also the 1997 and 1998 information and November 2002 through December 2003; for part (b), all information	Part (a) separating discount point information from origination fee information and providing 1997 and 1998 allegedly unduly burdensome; post-October 2002 information allegedly not relevant as outside the Class Period; part (b) provision of any loan information allegedly unduly burdensome	Part (a) discount fee information by itself highly relevant, which outweighs any burden to Household to use computer search; 1997 and 1998 information is similar highly relevant as within Class Period and not unduly burdensome given this relevance; post-Class Period information is relevant to materiality and effect of predatory lending practices settlement; part (b) loan information should be easy to compile via computer search
No. 7(a) Quarterly Single Premium Credit Life Insurance sales & 7(b) Quarterly No. of Loans with Such Insurance	For part (a), the 1997 and 1998 information and November 2002 through December 2003; for part (b), all information	Part (a) provision of 1997 and 1998 information allegedly unduly burdensome; post-October 2002 information allegedly not relevant as outside the Class Period; part (b) provision of any loan information allegedly unduly burdensome	Part (a) 1997 and 1998 is highly relevant as within Class Period and not unduly burdensome given this relevance; post-Class Period information is relevant to materiality and effect of predatory lending practices settlement; part (b) loan information should be easy to compile via computer search

Interrogatory No. & Description	Responsive Information that Plaintiffs Want But Household Won't Provide	Basis for Household's Refusal to Provide Information	Reason to Compel
No. 8(a) Quarterly Prepayment Revenues & 8(b) Quarterly No. of Loans from Which Revenues Were Derived	For part (a), the 1997 and 1998 information and November 2002 through December 2003; for part (b), all information	Part (a) provision of 1997 and 1998 information allegedly unduly burdensome; post-October 2002 information allegedly not relevant as outside the Class Period; part (b) provision of any loan information allegedly unduly burdensome	Part (a) 1997 and 1998 is highly relevant as within Class Period and not unduly burdensome given this relevance; post-Class Period information is relevant to materiality and effect of predatory lending practices settlement; part (b) loan information should be easy to compile via computer search
No. 9(a) Quarterly EZ Pay Plan Revenues & No. 9(b) Quarterly No. of Loans That Used EZ Pay Plan	All information	Provision information allegedly unduly burdensome where this information not tracked in general ledger	Quarterly revenue and loan information re EZ Pay Plan highly relevant and not unduly burdensome given this relevance; information should be easy to compile via computer search
No. 10(a) Quarterly non-EZ Pay Plan Revenues	All information	Provision information allegedly unduly burdensome where this information not tracked in general ledger	Quarterly revenue re other pay plan highly relevant to compare with EZ Pay Plan information and not unduly burdensome given this relevance; information should be easy to compile via computer search

Interrogatory No. & Description	Responsive Information that Plaintiffs Want But Household Won't Provide	Basis for Household's Refusal to Provide Information	Reason to Compel
No. 11 Quarterly Percentage of Loans Where First and Second Loans Secured by Same Property and Loans Originated Within 15 Days of Each Other	All information	Provision information allegedly unduly burdensome where this information not tracked in general ledger	Quarterly percentage of loans with these characteristics relevant to show prevalence and importance over time of "piggyback" second loan practice; information should be easy to compile via computer search
No. 12 Quarterly Amounts of First and Second Loans Where Both Secured by Same Property and Originated Within 15 Days of Each Other	All information	Provision information allegedly unduly burdensome where this information not tracked in general ledger	Quarterly loan amounts with these characteristics relevant to show prevalence and importance over time of "piggyback" second loan practice; information should be easy to compile via computer search
No. 18 Identification of Documents Supporting Prior Responses	Information for all other interrogatories	Current response allegedly adequate	Current response only identifies documents supporting response to Interrogatory No. 15