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

DOCKETED
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CASE NO. 02C 5893

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Lawrence E. Jaffe Pension Plan,
On Behalf Of Itself and All Others
Similarly Situated,

Plaintiffs,

CLASS ACTION COMPLAINT
FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAW

- against -

JURY TRIAL DEMANDED

HOUSEHOLD INTERNATIONAL, INC.,
ARTHUR ANDERSEN, LLP,
W.F. ALDINGER, and D.A. SCHOENHOLZ

Defendants.

JUDGE RONALD GUZMAN
MAGISTRATE JUDGE NOLAN

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Plaintiff, individually and on behalf of all other persons similarly situated,
by its undersigned counsel, alleges upon the investigation conducted by counsel, which
included, among other things, a review of the public announcements made by defendants,
Securities and Exchange Commission ("SEC") filings, press releases and media reports
regarding Household International, Inc. ("Household International" or the "Company"),
as follows:

NATURE OF THE CLAIMS

1. This is a shareholders' class action on behalf of all persons and
entities, other than defendants, who purchased Household International securities
between October 23, 1997 and August 14, 2002, inclusive (the "Class Period").

1-1

2. The Class Period begins on October 23, 1997 the date on which Household International announced its third-quarter 1997 results. The Class Period ends on August 14, 2002, the day Household International announced it would restate its prior eight years financials, because it had overstated its net income by \$386 million during that period.

3. Specifically, Household International said it would revise the way it had accounted for its MasterCard/Visa co-branding and affinity card relationships, as well as a credit-card marketing agreement with a third party.

4. During the Class Period, the Defendants completed public offerings of the Company's securities, raising proceeds of more than \$3.06 billion.

5. As a result of the Defendants' false and misleading statements, Household International securities traded at artificially high levels during the Class Period. Plaintiff and other members of the Class were damaged thereby.

JURISDICTION AND VENUE

6. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§1331, 1337 and 1367, and Section 27 of the Exchange Act (15 U.S.C §78aa).

7. This action arises under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78J(b) and 78t(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5).

8. Venue is proper in this District pursuant to Section 27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) and (c). Substantial acts in

furtherance of the alleged fraud and/or its effects have occurred within this District and Household International maintains a principal office in this District.

9. In connection with the facts and omissions alleged in this Complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

10. As detailed in the attached sworn Certification, Plaintiff, the Lawrence E. Jaffe Pension Plan, purchased shares of Household International during the Class Period at artificially inflated prices, and was damaged thereby.

11. Defendant Household International is a Delaware corporation with its principal place of business located at 2700 Sanders Road, Prospect Heights, Illinois, 60070. The Company is in the business of providing consumer loans, credit cards, auto financing, and credit insurance products.

12. Defendant Arthur Andersen LLP ("Arthur Andersen") was the Company's auditor during the Class Period. Defendant Arthur Andersen issued an unqualified audit opinion for the Company's year-end 1997-2001 results. In those opinions, Arthur Andersen certified that it had audited the Company's financial statements in accordance with Generally Accepted Accounting Principles ("GAAP"), and that, in its opinion, the financial statements were presented fairly, in all material respects.

13. Defendant W.F. Aldinger ("Aldinger") was, at all relevant times, Household International's Chairman of the Board and Chief Executive Officer.

14. Defendant D.A. Schoenholz ("Schoenholz") was, at all relevant times, Household International's Chief Financial Officer.

15. Defendants Aldinger and Schoenholz are collectively referred to hereinafter as the "Individual Defendants."

CONTROL PERSON LIABILITY

16. The Individual Defendants, by reason of their positions with Household International and/or company stock holdings, were controlling persons of the Company and had the power and influence, and exercised the same, to cause Household International to engage in the conduct complained of herein. They controlled Household International public dissemination of false and misleading information during the Class Period.

SCIENTER

17. The Individual Defendants caused the artificial inflation of the price of Household International stock by, *inter alia*, issuing materially false and misleading statements, reports and press releases to the public regarding the Company's business, operations and future prospects. These statements and documents portrayed a false picture of the Company's business and operations and misrepresented and/or failed to disclose material, adverse facts concerning Household International business, revenues, earnings, financial condition and future prospects.

18. Defendant Arthur Andersen issued unqualified audit opinions for the Company's year-end 1997-2001 results. In those opinions, Arthur Andersen certified that it had audited the Company's financial statements in accordance with Generally Accepted Accounting Principles ("GAAP"), and that, in its opinion, the financial

statements were presented fairly, in all material respects. Arthur Andersen knowingly or recklessly certified the Company's false financial statements.

**MATERIALLY FALSE AND MISLEADING
STATEMENTS DURING THE CLASS PERIOD**

19. The Class Period begins on October 23, 1997. On that day, Household International issued a press release announcing its financial results for the third-quarter 1997, ended September 30, 1997. The Company reported net income of \$187.2 million as compared with \$139.9 million for the same quarter the previous period.

20. On November 13, 1997, Household International filed its corresponding report on Form 10-Q with the SEC for the third-quarter 1997. The Form 10-Q, signed by defendant Schoenholz, confirmed the previously announced financial results. The Company further stated the following:

In the third quarter, the Visa/MasterCard business achieved higher fee income and improved efficiency, which was offset by higher credit losses resulting primarily from increased personal bankruptcy filings. During the first nine months of 1997, the Visa/MasterCard business realized higher net interest margin and fee income, and improved efficiency, which more than offset higher credit losses resulting primarily from increased personal bankruptcy filings. The company has continued its program to improve the profitability of its credit card portfolios by selling non-strategic portfolios, refining pricing strategies, increasing fees and systematically eliminating unprofitable accounts. Results for this business continued to benefit from the company's co-branding and affinity relationship strategies, in particular the association with the General Motors credit card ("GM Card") program and the Union Privilege Visa/MasterCard portfolio acquired in June 1996.

21. On March 30, 1998, Household International filed its annual report on Form 10-K with the SEC for the year ended December 31, 1997, which was signed by

both of the Individual Defendants. The Company reported net income for the year of \$686.6 million as compared to \$538.6 for the previous year. The Company also stated:

Earnings from our MasterCard/Visa business also increased in 1997 due to improved efficiency and higher net interest margin and fee income. We sold certain non-strategic portfolios, increased fees and eliminated unprofitable accounts in this business during 1997. This business continued to benefit from our co-branding and affinity credit card relationships, including our alliance with General Motors Corporation ("GM") to issue the GM Card, a co-branded credit card, and our alliance with the AFL-CIO to issue the Union Privilege affinity card ("Union Privilege"). We acquired the Union Privilege credit card portfolio in June 1996.

22. Defendant Arthur Andersen certified the Company's 1997 10-K and issued an unqualified audit opinion therein, stating:

We have audited in accordance with generally accepted auditing standards, the financial statements included in Household International, Inc.'s 1997 annual report to shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated January 21, 1998. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedules listed in Item 14(d) are the responsibility of the company's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

23. On March 30, 1999, Household International filed its annual report on Form 10-K with the SEC for the year ended December 31, 1998, which was signed by both of the Individual Defendants. The Company reported net income for the year of \$524.1 million as compared to \$940.3 million the previous year. The Company also stated:

Our Mastercard and Visa operations in the United States reported lower

earnings in 1998 primarily due to lower average receivables and higher credit losses. Last year we hired new senior operating management for this segment, actively repriced portions of our Mastercard and Visa portfolios and reduced credit lines which led to increased account attrition. We also decided to de-emphasize the undifferentiated Mastercard and Visa portfolios in the United States and to refocus such product to target customers and prospects of our other businesses. Our MasterCard and Visa business is generated primarily through direct mail, telemarketing, application displays and promotional activity associated with our affinity and co-branding relationships, including our alliance with General Motors Corporation ("GM") to issue the GM Card, a co-branded credit card, and our alliance with Union Privilege to issue the Union Privilege affinity card ("Union Privilege"). Our largest account base for MasterCard and VISA credit cards is in California. Approximately 52 percent of managed receivables for this segment were originated under the GM Card program while approximately 26 percent were originated under the Union Privilege program.

24. Defendant Arthur Andersen certified the Company's 1998 10-K and issued an unqualified audit opinion therein, stating:

We have audited in accordance with generally accepted auditing standards, the financial statements included in Household International, Inc.'s 1998 annual report to shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated January 20, 1999. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in Item 14(d) is the responsibility of the company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

25. On March 28, 2000, Household International filed its annual report on Form 10-K with the SEC for the year ended December 31, 1999, which was signed by both of the Individual Defendants. The Company reported net income for the year of \$1.49 billion, as compared to \$524 million the previous year. The Company also stated:

Our Mastercard and Visa operations in the United States reported higher earnings in 1999 primarily due to the repositioning of this segment which began in 1998. As part of such repositioning, we actively repriced portions of our Mastercard and Visa portfolios, expanded certain marketing programs, and reduced credit lines. We also repositioned the undifferentiated Mastercard and Visa portfolios in the United States to target customers and prospects of our other businesses. Managed receivables declined in 1999 reflecting attrition resulting from such repositioning. This attrition was partially offset by growth in the second half of 1999 in both the number of accounts and receivables associated with our affinity and co-branding relationships, including our alliance with General Motors Corporation ("GM") to issue the GM Card, a co-branded credit card, and our alliance with Union Privilege to issue the Union Privilege affinity card ("Union Privilege"). Our MasterCard and Visa business is generated primarily through direct mail, telemarketing, Internet applications, application displays and promotional activity associated with our affinity and co-branding relationships. Our largest account base for MasterCard and VISA credit cards is in California. Approximately 52 percent of managed receivables for this segment were originated under the GM Card program while approximately 29 percent were originated under the Union Privilege program. We also cross sell our credit cards to our existing home equity, private label and tax refund anticipation loan customers.

26. Defendant Arthur Andersen certified the Company's 1999 10-K and issued an unqualified audit opinion therein, stating:

We have audited in accordance with generally accepted auditing standards, the financial statements included in Household International, Inc.'s 1999 annual report to shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated January 14, 2000. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in Item 14(d) is the responsibility of the company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

27. On March 28, 2001, Household International filed its annual report on Form 10-K with the SEC for the year ended December 31, 2000, which was signed by both of the Individual Defendants. The Company reported net income for the year of \$1.70 billion, as compared to \$1.49 billion the previous year. The Company also stated:

Our Credit Card Services business includes our MasterCard and Visa receivables in the United States, including the GM Card(R), the Union Privilege ("UP") credit card, a Household Bank branded card, and the Orchard Bank card. The GM Card(R), a co-branded credit card issued as part of our alliance with General Motors Corporation ("GM"), enables customers to earn discounts on the purchase or lease of a new GM vehicle. The UP card program with the AFL-CIO provides benefits and services to members of 67 national and international labor unions. Both the Household Bank and Orchard Bank branded credit cards offer specialized credit card products to consumers underserved by traditional providers. The GM Card(R) and UP card programs represent 46 percent and 29 percent, respectively, of the managed receivables in this segment.

Our MasterCard and Visa business is generated primarily through direct mail, telemarketing, Internet applications, application displays and promotional activity associated with our affinity and co-branding relationships. We also market our credit cards to our existing real estate secured, private label and tax refund anticipation loan customers.

28. Defendant Arthur Andersen certified the Company's 2000 10-K and issued an unqualified audit opinion therein, stating:

We have audited in accordance with generally accepted auditing standards, the financial statements included in Household International, Inc.'s 2000 annual report to shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated January 15, 2001. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in Item 14(d) is the responsibility of the company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

29. On March 13, 2002, Household International filed its annual report on Form 10-K with the SEC for the year ended December 31, 2001, which was signed by both of the Individual Defendants. The Company reported net income for the year of \$1.92 billion, as compared to \$1.70 billion the previous year. The Company also stated:

Since 1997, we have:

...repositioned our United States MasterCard and Visa credit card business to de-emphasize undifferentiated credit card programs and focus on co-branded and affinity relationships. In addition, we initiated secured and unsecured credit card programs to target nonprime consumers through the acquisition of Renaissance Holdings, Inc. in 2000...

30. Defendant Arthur Andersen certified the Company's 2001 10-K and issued an unqualified audit opinion therein, stating:

We have audited in accordance with generally accepted auditing standards, the financial statements included in Household International, Inc.'s 2001 annual report to shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated January 14, 2002. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in Item 14(d) is the responsibility of the company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

31. The statements in paragraphs 19-30 were false and misleading because Household International, among other things, (a) overstated its net income by \$386 million during the Class Period and the previous three years; and (b) misled investors regarding its MasterCard/Visa cobranding and affinity credit card relationships.

THE TRUTH EMERGES

32. On August 14, 2002, Household International announced that on the advice of its new auditors, it would revise the way it accounted for its “Mastercard/Visa cobranding and affinity credit card relationships and a marketing agreement with a third party.” The result would be a negative adjustment in previously reported net income of \$386 million over the previous eight years.

HOUSEHOLD INTERNATIONAL'S FALSE AND MISLEADING STATEMENTS

33. In addition to the above paragraphs 19-30, Household International made the following statement in each of its interim financial reports filed with the SEC during the Class Period:

The accompanying unaudited condensed consolidated financial statements of Household International, Inc. ("Household") and its subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X...In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

34. As stated above, the Company’s financials were in fact false and misleading because Household International: (a) overstated its net income by \$386 million during the Class Period and the previous three years; and (b) misled investors regarding its MasterCard/Visa cobranding and affinity credit card relationships.

35. Household International’s financial statements during the Class Period were prepared by and approved by the Individual Defendants. Regulation S-X (17 CFR 210.4-01(a)(1)) states that financial statements filed with the SEC which are not prepared in compliance with GAAP are presumed to be misleading and inaccurate,

despite footnote or other disclosure. GAAP are those principles recognized by the accounting profession as the conventions, rules and procedures necessary to define accepted accounting practice at the particular time.

36. The Company presented its financial results and statements in a false and misleading manner and in violation of the following fundamental accounting principles:

(a) The principle that financial reporting should provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit and similar decisions (FASB Statement of Concepts No. 1, ¶34);

(b) The principle that financial reporting should provide information about the economic resources of an enterprise, the claims to those resources and effects of transactions, events and circumstances that change resources and claims to those resources (FASB Statement of Concepts No. 1, ¶40);

(c) The principle that financial reporting should be reliable in that it represents what it purports to represent (FASB Statement of Concepts No. 2, ¶¶58-59);

(d) The principle of completeness, which means that nothing is left out of the information that may be necessary to insure that it validly represents underlying events and conditions (FASB Statement of Concepts No. 2, ¶79); and

(e) The principle that conservatism be used as a prudent reaction to uncertainty to try to ensure that uncertainties and risks inherent in business situations are adequately considered (FASB Statement of Concepts No. 2, ¶¶95, 97).

**APPLICABILITY OF PRESUMPTION OF RELIANCE:
FRAUD-ON-THE-MARKET DOCTRINE**

37. At all relevant times, the market for Household International securities was an efficient market for the following reasons, among others:

(a) Household International stock met the requirements for public listing, and was listed and actively traded on the NASDAQ, a highly efficient market;

(b) As a regulated issuer, Household International filed periodic public reports with the SEC;

(c) Household International stock was followed by securities analysts and news reporters who wrote reports which were publicly available and entered the public marketplace. Household International regularly issued press releases which were carried by national news wires. Each of these releases was publicly available and entered the public marketplace.

38. As a result, the market for Household International securities promptly digested current information with respect to Household International from all publicly available sources and reflected such information in Household International stock price. Under these circumstances, all purchasers of Household International securities during the Class Period suffered similar injury through their purchase of stock at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

39. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The vast majority of the specific statements pleaded herein were not "forward-looking statements" but were "hard" statements. To the extent that the

statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statement because at the time each of those forward-looking was made the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Household International who knew that those statements were false when made.

CLASS ACTION ALLEGATIONS

40. Plaintiff brings this action on its behalf and as a class action pursuant to Rule 23(b)(3) of the Federal Rules of Civil Procedure, on behalf of a class consisting of all persons and entities (other than defendants and the members of their immediately families, their heirs, successors and assigns) who purchased or acquired Household International securities during the period between October 23, 1997 and August 14, 2002, inclusive.

41. Members of the Class are so numerous that joinder of all members is impracticable.

42. While the exact number of Class members is unknown to the Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands, of Class members who purchased Household International securities in the open market at artificially inflated prices during the Class Period.

43. Plaintiff's claims are typical of the claims of the other members of the Class. Plaintiff and the other members of the Class have sustained damages because of defendants' unlawful activities alleged herein. Plaintiff has retained counsel competent

and experienced in class and securities litigation and intends to prosecute this action vigorously. The interests of the Class will be fairly and adequately protected by Plaintiff. Plaintiff has no interests which are contrary to or in conflict with those of the Class which Plaintiff seeks to represent.

44. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy. Plaintiff knows of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action.

45. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

46. whether defendants violated Sections 10(b) and 20(a) of the Exchange Act, and SEC Rule 10b-5 promulgated thereunder.

47. whether defendants participated in and pursued the common course of conduct complained of herein;

48. whether documents, filings, releases and financial statements disseminated to the investing public omitted and/or misrepresented material facts about Household International;

49. whether the market price of Household International stock was artificially inflated throughout the Class Period due to the nondisclosures and/or misrepresentations complained of herein;

50. whether defendants acted knowingly, willfully, or recklessly in omitting to state and/or misrepresenting material facts; and

51. whether the members of the Class have sustained damages as a result of defendants' misconduct and, if so, the proper measure of such damages.

COUNT I

AGAINST ALL DEFENDANTS FOR VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5

52. Plaintiff repeats and realleges each and every allegation contained in the above paragraphs, as if fully set forth herein. This claim is asserted against all defendants.

53. The Defendants carried out a plan, scheme and course of conduct which was intended to and did: (a) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (b) artificially inflate and maintain the market price of Household International securities; and (c) cause members of the Class to acquire Household International securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants took the actions set forth herein.

54. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements made not misleading; and (c) engaged in acts, practices and a course of business which operated as a fraud and deceit upon the acquirers of Household International securities in an effort to maintain artificially high market prices for Household International securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5.

55. In addition to the duties of full disclosure imposed on Defendants as a result of their making of affirmative statements and reports, or participation in the making of affirmative statements and reports to the investing public, the Defendants had a duty to promptly disseminate truthful information that would be material to investors in compliance with the integrated disclosure provisions of the SEC as embodied in SEC Regulation S-X (17 C.F.R. §210.01 et seq.) and S-K (17 C.F.R. §229.10 et seq.) and other SEC regulations, including accurate and truthful information with respect to the Company's operations and performance so that the market prices of the Company's publicly traded securities would be based on truthful, complete and accurate information.

56. Household International, directly and indirectly, by the use of means and instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse, material information about the Company's financial results, business, operations, and future outlook as specified herein. Household International employed devices, schemes and artifices to defraud, while in possession of material, adverse, non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure open market purchasers of Household International securities concerning the value of Household International, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about the Company's business operations in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the market for Household International securities.

57. The Individual Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them.

58. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of Household International securities was artificially inflated throughout the Class Period. In ignorance of the fact that the market price of Household International securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of the market in which the securities trade, and the truth of any representations made to appropriate agencies and to the investing public, at the times at which any statements were made, and/or on the absence of material adverse information that was known or recklessly disregarded by Defendants but not disclosed in public statements by Defendants, Plaintiff and the other members of the Class purchased or acquired Household International securities at artificially high prices and were damaged thereby.

59. At the time of said misrepresentations and omissions, Plaintiff and the other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known of the true nature of the operations of the Company and the noncompliance with federal law, which were not disclosed by defendants, Plaintiff and the other members of the Class would not have purchased or acquired their Household International securities or, if they

had purchased or acquired such securities, they would not have done so at the artificially inflated prices which they paid.

60. Defendant Arthur Andersen issued unqualified audit opinions for each of the Company's annual reports on Forms 10-K during the Class Period. In those opinions, Arthur Andersen certified that it had audited the Company's financial statements in accordance with Generally Accepted Accounting Principles ("GAAP"), and that, in its opinion, the financial statements were presented fairly, in all material respects. Arthur Andersen knowingly or recklessly certified the Company's false financial statements.

61. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

62. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their acquisition of Household International securities.

COUNT II

AGAINST THE INDIVIDUAL DEFENDANTS FOR VIOLATION OF SECTION 20(a) OF THE EXCHANGE ACT

63. Plaintiff repeats and realleges each and every allegation contained in the above paragraphs, as if fully set forth herein. This claim is asserted against the Individual Defendants.

64. The Individual Defendants acted as controlling persons of Household International within the meaning of Section 20(a) of the Exchange Act as alleged herein. They controlled the content and dissemination of the various statements which Plaintiff contends are false and misleading.

65. As set forth above, Household International violated Section 10(b) and Rule 10b-5 by its acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons of Household International, and/or their stock holdings, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of their wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their acquisition of Household International securities.

PRAYER FOR RELIEF

(a) Determining that this action is a proper Class action, designating Plaintiff as Lead Plaintiff and certifying Plaintiff as Class representatives under Rule 23 of the Federal Rules of Civil Procedure and their counsel as Lead Counsel;

(b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

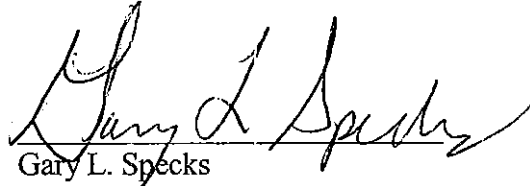
(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this Action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED: August 16, 2002



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Attorneys for the Plaintiff

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**CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS**

The Lawrence E. Jaffe Pension Plan hereby certifies and swears as follows:

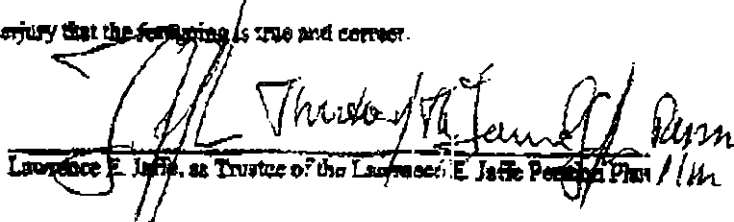
1. It has reviewed a Complaint against HOUSEHOLD INTERNATIONAL, INC. alleging violations of the securities laws and authorize its filing;
2. It is willing to serve as a representative party on behalf of a class, or to be a member of a group representing a class, including providing testimony at deposition and trial, if necessary;
3. It has not within the 3-year period preceding the date hereof sought to serve, or served, as a representative party on behalf of a class in an action brought under the federal securities laws, unless noted hereafter. None.
4. The following is a description of its transactions during the class period specified in the Complaint in HOUSEHOLD INTERNATIONAL, INC. securities:

Security	Description	Trade Date	Price Per Share
HOUSEHOLD INTERNATIONAL, INC.	Bought 15 shares	8/9/01	161.31
	Bought 10 shares	9/26/01	152.15
	Bought 10 shares	12/17/01	152.68

5. It did not purchase shares of HOUSEHOLD INTERNATIONAL, INC. at the direction of counsel or in order to participate in any private action under the federal securities laws;
6. It will not accept any payment for serving as a representative party on behalf of a class beyond its pro rata share of any recovery, except as ordered or approved by the Court.

It declares under penalty of perjury that the foregoing is true and correct.

Date: 8/16/02


 Lawrence E. Jaffe, as Trustee of the Lawrence E. Jaffe Pension Plan

FROM KAPLAN FOX & KILSHEIMER LLP 2126877714 (FBI) 8/16/02 18:28/ST 18:19/NO 4962225435 2

FROM KAPLAN FOX & KILSHEIMER LLP 2126877714 (MON) 8/19/02 11:29/ST 11:28/NO 4260709941 P 3

* This copy of the plaintiff's certification has been attached in case the facsimile version is not entirely legible.

Kaplan, Kilsheimer & Fox LLP

**CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS**

The Lawrence E. Jaffe Pension Plan hereby certifies and swears as follows:

1. It has reviewed a Complaint against HOUSEHOLD INTERNATIONAL, INC., alleging violations of the securities laws and authorize its filing;
2. It is willing to serve as a representative party on behalf of a class, or to be a member of a group representing a class, including providing testimony at deposition and trial, if necessary;
3. It has not within the 3-year period preceding the date hereof sought to serve, or served, as a representative party on behalf of a class in an action brought under the federal securities laws, unless noted hereafter: None.
4. The following is a description of its transactions during the class period specified in the Complaint in HOUSEHOLD INTERNATIONAL, INC. securities:

<u>Security</u>	<u>Transaction</u>	<u>Trade Date</u>	<u>Price Per Share</u>
HOUSEHOLD INTERNATIONAL, INC.	Bought 15 shares	8/9/01	\$66.31
	Bought 10 shares	9/20/01	\$55.15
	Bought 10 shares	12/17/01	\$54.68

5. It did not purchase shares of HOUSEHOLD INTERNATIONAL, INC. at the direction of counsel or in order to participate in any private action under the federal securities laws;
6. It will not accept any payment for serving as a representative party on behalf of a class beyond its pro rata share of any recovery, except as ordered or approved by the Court.

It declares under penalty of perjury that the foregoing is true and correct.

Date: _____

Lawrence E. Jaffe, as Trustee of the Lawrence E. Jaffe Pension Plan

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

DOCKETED
AUG 20 2002

Civil Cover Sheet

This automated JS-44 conforms generally to the manual JS-44 approved by the Judicial Conference of the United States in September 1974. The data is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. The information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is authorized for use only in the Northern District of Illinois.

**Plaintiff(s): Lawrence E. Jaffe Pension Plan,
On Behalf Of Itself and All Others Similarly
Situated**

**Defendant(s): HOUSEHOLD
INTERNATIONAL, INC., ARTHUR
ANDERSEN, LLP, W.F. ALDINGER, and D.A.
SCHOENHOLZ**

County of Residence: Bergan

County of Residence: Cook

Plaintiff's Atty: Gary L. Specks
Kaplan Fox & Kilsheimer, LLP
203 North LaSalle Street, Suite
2100, Chicago, Illinois 60601
312-558-1584

Defendant's Atty:

02C 5893

JUDGE RONALD GUZMAN

II. Basis of Jurisdiction: 3. Federal Question (U.S. not a party)

III. Citizenship of Principal
Parties (Diversity Cases Only)

MAGISTRATE JUDGE NOLAN

Plaintiff:- N/A
Defendant:- N/A

IV. Origin : 1. Original Proceeding

V. Nature of Suit: 850 Securities / Commodities / Exchange

VI. Cause of Action: Securities Fraud under Sections 10(b) and 20(a) of the Exchange Act
(15 U.S.C. §§78J(b) and 78t(a))

VII. Requested in Complaint

Class Action: Yes
Dollar Demand:
Jury Demand: Yes

VIII. This case IS NOT a refiling of a previously dismissed case.

Signature:

Gary L. Specks

Date:

8/19/02

FILED-ED5
02 AUG 19 PM 12:49
CLERK
U.S. DISTRICT COURT

1-2

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS**

Eastern Division

DOCKETED

AUG 20 2002

In the Matter of

Lawrence E. Jaffe Pension Plan, On Behalf of Itself and All Others
Similarly Situated, Plaintiffs

v.
Household International, Inc. Arthur Andersen, LLP, W.F. Aldinger,
and D.A. Schoenholz, Defendants

Case Number **02C 5893**

APPEARANCES ARE HEREBY FILED BY THE UNDERSIGNED AS ATTORNEY(S) FOR:

Plaintiff

~~JUDGE RONALD GUZMAN~~

~~MAGISTRATE JUDGE NOLAN~~

(A)	(B)
SIGNATURE <i>Gary L. Specks</i>	SIGNATURE <i>Frederic S. Fox</i>
NAME Gary L. Specks	NAME Frederic S. Fox
FIRM Kaplan Fox & Kilsheimer, LLP	FIRM Kaplan Fox & Kilsheimer, LLP
STREET ADDRESS 203 North LaSalle Street, Suite 2100	STREET ADDRESS 805 Third Avenue, 22nd Floor
CITY/STATE/ZIP Chicago, Illinois 60601	CITY/STATE/ZIP New York, NY 10022
TELEPHONE NUMBER (312) 558-1584	TELEPHONE NUMBER (212) 687-1980
IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE) 02683970	IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE)
MEMBER OF TRIAL BAR? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	MEMBER OF TRIAL BAR? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
TRIAL ATTORNEY? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	TRIAL ATTORNEY? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
	DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
(C)	(D)
SIGNATURE	SIGNATURE
NAME	NAME
FIRM	FIRM
STREET ADDRESS	STREET ADDRESS
CITY/STATE/ZIP	CITY/STATE/ZIP
TELEPHONE NUMBER	TELEPHONE NUMBER
IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE)	IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE)
MEMBER OF TRIAL BAR? YES <input type="checkbox"/> NO <input type="checkbox"/>	MEMBER OF TRIAL BAR? YES <input type="checkbox"/> NO <input type="checkbox"/>
TRIAL ATTORNEY? YES <input type="checkbox"/> NO <input type="checkbox"/>	TRIAL ATTORNEY? YES <input type="checkbox"/> NO <input type="checkbox"/>
DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input type="checkbox"/>	DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input type="checkbox"/>

FILED - EDS
02 AUG 19 2002
U.S. DISTRICT COURT

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