

Ex-GC for UnitedHealth Fined \$575,000

News In Brief:

Date: 01/05/2009

Ex-GC for UnitedHealth Fined \$575,000

After admitting to a ten-year backdating scam, and after cooperating fully with the Securities and Exchange Commission's (SEC) investigation, UnitedHealth has won back a clean record. The clean record involved getting rid of corrupt board members and executives, making them pay back in cash what they had fraudulently come by, and clearing up years of falsified financial statements with accurate records. UnitedHealth executives have had to return \$1.8 billion in cash and options and the company has agreed to pay \$895 million to settle lawsuits. The company's former general counsel, David Lubben, who helped create false or misleading documents connected to the backdating scheme, and who collected \$1.1 million for his own bank account through fraudulently backdated options, must repay \$1.4 million plus \$347,000 in interest to make up for this illegal profits. In addition to all this, he must pay a \$575,000 fine to settle with the SEC for his illegal actions.

KB Home In-House Lawyer Used in Cover-up

Richard Hirst, former in-house lawyer for KB Home in Los Angeles, was unwittingly used by CEO Bruce Karatz and HR chief Gary Ray to cover-up a backdating scandal which had been going on since the 1990s. They lied to Hirst about the investigation, but when a proper investigation took place months later headed by Irell & Manella, everything came to light. The two chiefs resigned, followed by Hirst, who was understandably upset. It seems Hirst knew nothing of what was going on here, and will likely not face jail time, as the two

criteria almost certainly will. First is now working for Delta Airlines in Minnesota and has learned a valuable lesson about chasing after something that is maybe too good to be true.

Former GC Defends Outsourcing to Big Law Firms

In the spiraling economy, many companies are considering opting to hire smaller law firms for their outsourcing, rather than going with the traditional big law firms. However, one former general counsel, Sheryl Katz, now an independent legal and technology consultant, defends the practice. With experience in several firms, and as a GC for 101 Communications LLC, Katz explains that smaller firms simply lack the manpower necessary to fulfill all the needs of a company. She also says that on any large transaction, it is much more beneficial to have your tax, corporate, and banking lawyers at the same firm than it is to have a smaller bill from a smaller firm. Katz claims that any companies going towards smaller firms is just a trend.