

That Never Happens

It took under a year for plaintiffs, represented by lawyers like Munger's David Fry, to reach an estimated \$500 million settlement with the feds.

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Cover Every Base

One problem in estate planning is when a will is contested over psychological fitness. What's the defense? Neuropsychology. See Practice Center.

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Heller creditors: Partners were overpaid \$9M

By Amanda Royal
RECORDER STAFF WRITER

Former Heller Ehrman Chairman Matthew Larrabee is vowing to fight allegations by the defunct firm's creditors that it pumped up its profits in early 2008 and then tried to cover it up.

"The assertions in the Creditors' Committee report are without merit and are not supported by citations to any source," Larrabee said in an e-mailed statement. "These claims will be vigorously defended at the appropriate time."

Other former high-level Heller management, including Barry Levin, Robert Hubbell and CFO Richard Holdrup, declined to comment publicly.

The creditors committee took its biggest shot to date against former shareholders and their management in an interim financial report filed Friday in federal bankruptcy court.

It alleged that management "made some very troubling business decisions" as the firm was unraveling and, in an effort to boost its 2007 numbers, overpaid partners \$9 million.



CHRISTINE JEGAN

'LOYAL WILSON SOLDIER': Steven Bochner said he didn't pursue the chief executive position but was "flattered to accept" when it was offered to him.

Bochner to take over as Wilson chief exec

By Petra Pasternak
RECORDER STAFF WRITER

Wilson's reputation as co-chair of the Practising Law Institute's Annual Institute on Securities Regulation in New York, and as an executive committee member of the

Lerach costs former firm \$45M in fees

By Dan Levine
RECORDER STAFF WRITER

According to one very irate federal judge in Minnesota, jailed plaintiff lawyer William Lerach just helped his former colleagues lose about \$45 million in fees.

Yet the judge still awarded Coughlin Stoia Geller Rudman & Robbins a hefty \$65 million for its work on a securities class action against UnitedHealth Group.

U.S. District Judge James Rosenbaum, in an order filed Tuesday, approved a mammoth \$925 million settlement against UnitedHealth and its former executives over backdating the grant dates on stock options. The deal has been described as the largest securities class action payout related to backdating ever struck.

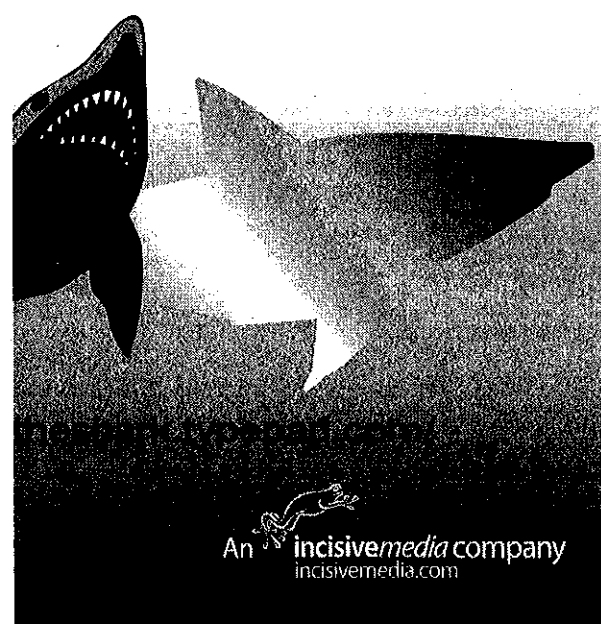
Lerach pleaded guilty in 2007 to conspiracy due to illegal payments to lead plaintiffs during his time at Milberg Weiss Bershad Hynes & Lerach. He is currently serving a 24-month sentence in federal



LERACH

HARK

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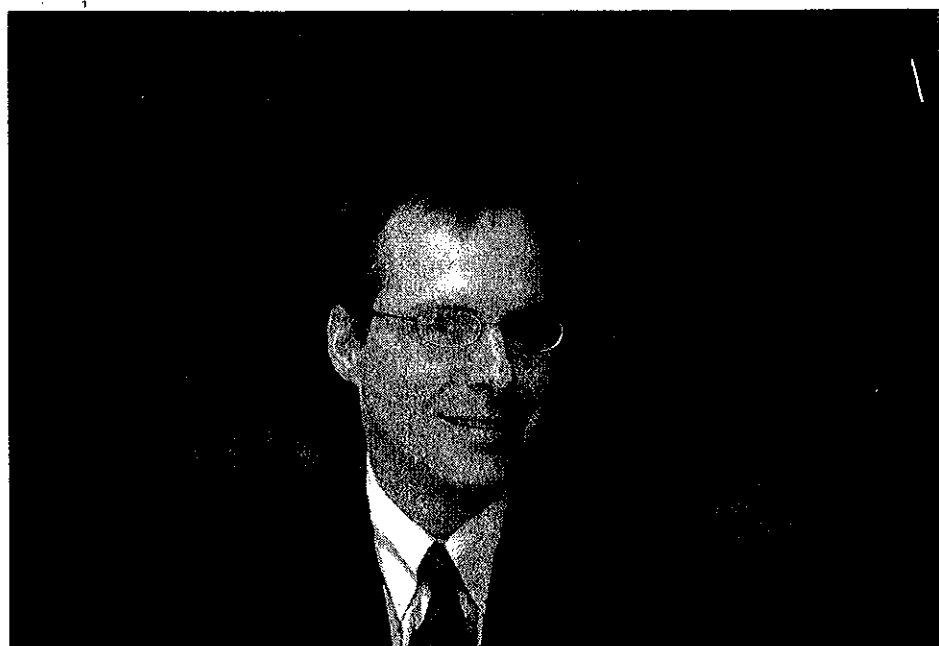


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WRAPPING UP FAST: David Fry, a litigation partner at Munger, Tolles & Olson, is one of the plaintiff lawyers in the case, which was filed less than a year ago.

\$500 million settlement gets Wilken's initial approval

By Kate Moser
 RECORDER STAFF WRITER

The Social Security Administration has agreed to pay an estimated \$500 million to people whose benefits it suspended or denied between January 2007 and April of this year, under a settlement given preliminary approval by a judge Tuesday.

The government also agreed to change the policy under which it denies or suspends payments for people with outstanding arrest warrants. People whose benefits were denied or suspended between 2000 and 2006 also will have a chance to reinstate their benefits.

"It was an opportunity to help an enormous number of people per month," said David Fry, a litigation partner at Munger, Tolles & Olson, which represented the plaintiffs. A number of plaintiff firms worked on the litigation, filed last October. "We tried to move fast in the case," Fry said.

The Social Security Administration did not admit liability as part of the settlement,

The settlement agreement calls for \$483,000 in attorneys fees to be awarded in addition to the settlement amount, divided among five firms.

which went before U.S. District Judge Claudia Wilken on Tuesday.

The proposed nationwide class — the lawyers asked for certification hand-in-hand with the settlement Tuesday — involves about 200,000 people, including 80,000 whose
 See SETTLEMENT page 8

9th Circuit makes it easier for former inmates to sue

By Amanda Bronstad
 THE NATIONAL LAW JOURNAL

months in jail for violating his probation for a domestic violence misdemeanor, Price said. Talamantes initially was incarcerated at the Men's Central Jail in Los Angeles

The Ninth Circuit U.S. Court of Appeals

SPECIAL ADVERTISEMENTS

SETTLEMENT

Continued from page 2

benefits had been suspended or denied since January 2007, according to an estimate by the plaintiff attorneys.

The settlement agreement calls for \$483,000 in attorneys fees to be awarded in addition to the settlement amount, divided among five firms: National Senior Citizens Law Center will get \$225,000; Munger, Tolles, \$141,000; Urban Justice Center, \$70,000; Disability Rights California, \$35,000; and Legal Aid Society of San Mateo County, \$12,000.

The lawsuit revolves around the Social Security Administration's policy for suspending or denying benefits for people with outstanding felony warrants. The plaintiffs argued the policy went beyond a provision in the Social Security Act that's meant to prevent people from using Social Security money to flee prosecution. One plaintiff allegedly bounced a check in Texas and was unaware of his outstanding warrant until his disability benefits were cut off, for example.

Plaintiffs also argued that the government's use of a computer system that matched names in warrant databases to those at the Social Security Administration led to people without any outstanding warrants being denied their benefits.

Plaintiff Rosa Martinez, for example,

sought help from Legal Aid Society of San Mateo after her benefits were cut off due to an outstanding warrant for another woman with the same name.

The settlement notes that the Social Security Administration has narrowed the policy, as of last April, to warrants issued on charges such as flight or escape.

The plaintiff firms said the Social Security Administration had litigated the key issue in the case — the interpretation of the statute dealing with government benefits to those fleeing arrest — in individual cases and lost eight times. "I think they wanted to settle before getting a ruling that would be adverse," Fry said. "The prospect of having to act on a schedule imposed by the court was rather daunting for them."

The U.S. attorney's office for the Northern District declined to comment on the case on Monday, and Assistant U.S. Attorney Victoria Carradero, who appeared in court Tuesday, did not return a phone call after the hearing.

Magistrate Judge Edward Chen mediated the settlement agreement. "He was extremely helpful in bridging the distance between both parties," Fry said.

A fairness hearing is set for Sept. 24.

Reporter Kate Moser's e-mail address is kate.moser@incisivemedia.com.

HELLER

Continued from page 1

alleges that the shareholders owe the estate \$106 million, the amount of profits paid to them in 2007 and 2008.

The legal theory is called fraudulent conveyance, and it can be intentional or unintentional.

The committee tries to make its case by pointing out that in late 2007 Heller started to show signs of financial distress. The firm wrote 118 checks totaling \$3 million at the end of 2007, then placed a hold on them until early 2008, the creditors allege. The firm also did not follow its normal practice of pre-

paying 2008 expenses by \$3 million. Then there's the alleged overpayment of profits to partners.

While the latest filing may be the creditors' most aggressive move against shareholders to date, it may not be their last. A footnote in the document notes that "other areas that are not addressed in this status report include ... potential breaches of fiduciary duty by members of management."

Reporter Amanda Royal's e-mail address is amanda.royal@incisivemedia.com.

BOCHNER

Continued from page 1

Nemerovski, Canady, Falk & Rabkin, said he doesn't think anybody could run a big law firm without giving up a huge percentage of his or her practice. "You don't really have a

choice if you want to do the job."

Reporter Petra Pasternak's e-mail address is petra.pasternak@incisivemedia.com.

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