

THE RIGHT CHOICE

Robbins Geller
Rudman & Dowd LLP

PROPOSAL FOR PORTFOLIO MONITORING AND SECURITIES LITIGATION SERVICES FOR THE HOWARD COUNTY RETIREMENT PLAN AND THE HOWARD COUNTY POLICE AND FIRE RETIREMENT PLAN

ROBBINS GELLER IS THE MOST SUCCESSFUL PLAINTIFFS' SECURITIES LITIGATION LAW FIRM

Robbins Geller represents U.S. and international institutional investors in contingency-based securities and corporate litigation. Judges have described the Firm as one of the most formidable securities law firms in the country. With 200 lawyers in 10 offices nationwide, Robbins Geller has the resources, experience and tenacity to achieve superior results. For the third consecutive year, Robbins Geller ranked *first* in both the total amount of money recovered for investors and the number of shareholder class action recoveries in ISS's SCAS Top 50 Report. ISS reported that in 2016, the Firm recovered more than \$2.7 billion for investors, \$730 million more than any other law firm.

ROBBINS GELLER'S TOP NOTCH TEAM OF ATTORNEYS AND PROFESSIONAL STAFF

Robbins Geller's reputation for excellence has been repeatedly noted by courts, resulting in the appointment of its attorneys to leadership roles in some of the largest securities cases in the United States. The Firm is recognized for its formidable securities team, which is comprised of 200 lawyers, including dozens of former federal and state prosecutors, trial attorneys, former SEC counsel, defense counsel from top corporate law firms, in-house counsel from leading financial institutions, and a top-tier appellate group responsible for numerous legal precedents beneficial to investors. Many of the Firm's attorneys have two decades or more of experience litigating securities actions.

The Firm's non-attorney professional staff is comprised of over 250 employees, including forensic accountants, in-house investigators, in-house economic and damages analysts, database programmers, computer security experts, paralegals, secretaries, and additional support staff.

REPRESENTATIVE CLIENTS

Robbins Geller has been trusted to represent more institutional investors in securities and corporate litigation than any other plaintiffs' firm in the United States. The Firm currently advises hundreds of institutional investors, including public and multiemployer pension funds, fund managers, banks and insurance companies with more than \$4 trillion in assets. Specifically, the Firm works with many public funds across the country, including, but not limited to, The Maryland-National Capital Park & Planning Commission Employees' Retirement System; Commonwealth of Virginia for the Virginia Retirement System; City of Alexandria Firefighters & Police Officers Pension Plan; Fairfax City Supplemental Retirement System; California Public Employees' Retirement System; California State Teachers' Retirement System; Washington State Investment Board; Indiana Public Retirement System; Illinois State Universities Retirement System; West Virginia Investment Management Board; Public Employee Retirement System of Idaho; and the Wyoming Retirement System.

THE FIRM'S RECORD OF SUCCESS INCLUDES THE LARGEST RECOVERIES IN HISTORY:

- Largest securities class action recovery: \$7.2 billion (*Enron*)
- Largest securities class action recovery following a trial: \$1.575 billion (*Household International*)
- Largest stock option backdating recovery: \$925 million (*UnitedHealth Group*)
- Largest opt-out (non-class) securities action recovery: \$657 million (*WorldCom*)
- Largest RMBS purchaser class action recovery: \$500 million (*Countrywide*)
- Largest merger & acquisition class action recovery: \$200 million (*Kinder Morgan*)

THE RIGHT CHOICE

Robbins Geller developed the first-of-its-kind portfolio monitoring service for institutional investors.

THE LEADER IN INVESTOR PROTECTION

Robbins Geller's complimentary Portfolio Monitoring Program[®] provides comprehensive global solutions for sophisticated institutional investors to enable clients to make timely, well-informed decisions about how to optimize recoveries for losses suffered in connection with securities litigation in the U.S. and around the world.

The unique benefits of Robbins Geller's Portfolio Monitoring Program[®] include:

Proprietary Software and Expert Staff

The Portfolio Monitoring Program[®] is powered by a sophisticated, proprietary software platform that incorporates the skills and efforts of more than two dozen in-house, highly specialized attorneys, forensic accountants, economists, damages analysts and investigators to compile and assess detailed information for Firm clients.

100% In-House

Robbins Geller does not outsource client data or securities portfolio monitoring services to outside contractors. Rather, the Firm's portfolio monitoring services are performed on-site by a team of highly experienced Robbins Geller professionals.

Around the Clock Oversight

The Portfolio Monitoring Program[®] tracks and monitors the largest and most complex portfolios 24 hours a day, seven days a week, 365 days a year. We alert pension fund trustees promptly when losses are attributable to fraud or other violations of securities laws and provide an analysis of the best course of action to obtain the maximum recovery for the fund.

Comprehensive Analysis of International Claims

The Firm extensively analyzes client holdings, including both equity and debt transactions, as well as alternate investment vehicles and foreign market transactions, to match holdings with potential claims and identify losses. Given the increasingly global nature of securities transactions, as well as the impact of recent U.S. Supreme Court decisions altering investors' options for seeking

recoveries through U.S. securities litigation, Robbins Geller has developed several successful strategies for both monitoring and prosecuting non-U.S. securities actions.

Timely and Diversified Reporting

Portfolio monitoring clients receive a custom, quarterly international monitoring report as well as monthly U.S. monitoring and settlement reports highlighting the cases in which there is financial exposure and any important upcoming deadlines. In addition, Robbins Geller also provides quarterly litigation updates for clients actively participating in litigation. The Firm also routinely alerts clients to significant developments that occur between these regular reporting periods.

Simply stated, the Firm's Portfolio Monitoring Program[®] provides an effective and timely mechanism to identify, report on, assess, evaluate and litigate global securities cases.

Additional Benefits:

Monitoring helps trustees fulfill their fiduciary duties.

Monitoring is complimentary and there is no obligation to become involved in litigation.

WHY CHOOSE ROBBINS GELLER FOR MONITORING?

Robbins Geller provides monitoring services to more than 900 institutional investors with in excess of \$4 trillion in assets under management, which is significantly more than any other law firm by a large margin.

Monitoring is conducted entirely in-house. We analyze clients' holdings and transactions in debt as well as equity securities. Many firms that offer monitoring services limit their analyses to clients' equity transactions.

We provide international monitoring, which is crucial for clients who invest globally. Many firms limit monitoring to domestic investments only.

THE RIGHT CHOICE

SECURITIES LITIGATION

From time to time, based on our detailed financial and legal analysis of a fund's claims and options to maximize recoveries, funds decide to become involved in litigation. There are several options – participating in a class action, pursuing a private, individual recovery, or participating in a derivative action – by which funds can seek to recover money, hold directors and officers accountable for the damage they inflict upon the corporations they run, or make an impact on longer term change at the companies in which they invest. Whatever trustees may decide to do about a claim, at the very least the decision should be an informed one, based on expert legal advice and analysis.

Serving as a lead plaintiff gives the fund the ability to oversee and control the litigation and any settlement reached in the case. The fund assures that the case is settled for a maximum amount that is fair to the fund and the entire class.

THE BENEFITS OF ACTIVELY PARTICIPATING IN LITIGATION INCLUDE:

Fulfilling Fiduciary Duties

Serving as a lead plaintiff fulfills trustees' fiduciary duties to protect fund assets and maximize recoveries on behalf of fund participants.

Maximizing Recoveries

It is well established that institutional investors secure settlements that are 64% larger than those obtained by individual investors, and that actions brought by institutional investors are less likely to be dismissed than actions filed by individual investors.

Preserving Unique Claims

At times, clients decide to become involved in litigation if they have a unique claim based on the kind of security they purchased or the timing of the purchase. For example, in a recent case, none of the lead plaintiffs had purchased stock in a specific offering. Our client was in a superior position and uniquely situated to recover money lost by all shareholders because of the fund's specific purchases, and thus, decided to become involved in the litigation. Without this fund's participation, claims concerning the offering would not have been pursued, and defendants would not have been held accountable for their illegal conduct.

Selecting Lead Counsel and Negotiating Attorneys' Fees

Another benefit of serving as lead plaintiff is being able to select the best-qualified counsel to litigate the case and responsibly negotiate attorneys' fees on behalf of the class.

No Risk to the Fund – Contingency-Fee Litigation

Our Firm represents clients on a contingency-fee basis. As such, the fund is not responsible for paying any attorneys' fees or costs. Should the case result in a successful recovery, our Firm would request reimbursement of attorneys' fees and costs from the court which, if approved, are taken out of the settlement secured for the class. If the case is not successful, the fund still does not have any financial responsibility, and our Firm absorbs all fees and costs.

Robbins Geller attorneys are aware of the inordinate responsibilities and time constraints placed on fund fiduciaries. Firm attorneys coordinate with clients to eliminate duplicative work and to alleviate any unnecessary burdens on staff time during ongoing litigation.

“[T]he experience, ability, and reputation of the attorneys . . . is not disputed; it is one of the most successful law firms in securities class actions, if not the preeminent one, in the country.”

– Honorable Melinda Harmon, United States District Judge, *In re Enron Corp. Securities Litigation*

THE RIGHT CHOICE

WHY DO FUNDS BECOME INVOLVED IN PRIVATE OPT-OUT SECURITIES LITIGATION?

There are instances when we advise clients to pursue private, individual actions by “opting out” of class litigation – a strategy pioneered by Robbins Geller attorneys. Analyzing whether opting out is the appropriate strategy must take into account various factors, including the size of the client’s (or group of clients’) losses; the type of claims the client may bring; the defendants’ ability to pay a substantial amount to investors (whether in the class or the opt-out cases); and the ability of the attorneys prosecuting the class action to obtain the best recovery possible. When it appears that the lead plaintiff or the lead counsel representing the class may not have the resources or ability to achieve an optimal result for the class or is willing to settle the class action for a sub-optimal amount, opt-out litigation may be an attractive option for institutional investors.

Premium Recoveries

Robbins Geller attorneys represented institutional investors in *WorldCom*, *AOL Time Warner*, and *Lehman Brothers* private actions. In each case, our clients obtained premium recoveries compared to what they would have received had they not brought individual actions and instead remained in the class action.

If a fund participates in our monitoring program, we are able to analyze and evaluate the fund’s losses, present trustees with options, and recommend that the fund pursue a private action, if appropriate.

THE VOICE OF INVESTORS AND CONSUMERS.

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ROBBINS GELLER’S AWARDS AND RECOGNITION

- Elite Trial Lawyers, Securities Winner, M&A and Antitrust Trailblazers
The National Law Journal
- Band 1 Securities Litigation Firm, Leading Lawyers, Senior Statesman
Chambers USA
- Litigators of the Week
The American Lawyer
- Top Attorneys Named as Super Lawyers and Rising Stars
Super Lawyers Magazine
- Plaintiff Attorney of the Year, Top 10 Plaintiff Firm in America, Highly Recommended Plaintiffs’ Firm, Litigation Stars, Local Litigation Stars, Top Litigators Under 40, Future Stars
Benchmark Litigation
- Tier 1 Securities Class Action and Recommended M&A Firm
The Legal 500
- Leading Lawyers in America, Lawyer Limelight
Lawdragon
- Securities Practice Group of the Year, Rising Stars, Most Feared Plaintiffs’ Firm
Law360
- Best Law Firms and Best Lawyers in America
U.S. News – Best Lawyers®

Tab 1

Securities Class Action Services



A ranking of the top 50 plaintiffs' law firms by the dollar value of final class action settlements while also ranking the top five firms by settlement volume. Plaintiffs' firms qualifying for inclusion in the analysis are those serving in the role of lead or co-lead counsel.

Summary

The *Securities Class Action Services: Top 50 of 2016* report ranks the top 50 plaintiffs' law firms by the dollar value of final class action settlements while also ranking the top five firms by settlement volume. Plaintiffs' firms qualifying for inclusion in the analysis are those serving in the role of lead or co-lead counsel.

The report covers 138 court-approved settlements, of which 129 made it to list with a total value of \$7.23 billion in total settlement amount. Of the 129 settlements, 85 alleged violations of Rule 10b-5 of the Securities and Exchange Act of 1934 (Employment of Manipulative and Deceptive Practices) while 33 settlements alleged violations of the Securities Act of 1933 (Civil Liabilities on Account of False Registration Statement). Thirty-six of the 138 settlements were finalized during the second quarter of 2016. In addition, \$3.1 billion of the total settlement amount for 2016 was decided on during the fourth quarter. 2016 delivered \$7.26 billion of settlement funds for distribution, an increase of 25.2% from the \$5.8 billion settled in 2015.

Robbins Geller Rudman & Dowd topped the lead plaintiff rankings netting more than \$2.7 billion in settlements, of which \$1.5 billion was stemmed from Household International, Inc. Bernstein Litowitz Berger & Grossmann came in second with more than \$2 billion, roughly one-half of which was from Merck & Co., Inc. (2003). With regard to rankings for the top five law firms based on the portion of the 129 settlements:

- › 29 were led by Robbins Geller Rudman & Dowd;
- › 15 were led by Pomerantz and The Rosen Law Firm;
- › 14 were led by Bernstein Litowitz Berger & Grossmann; and
- › 10 were from Kessler Topaz Meltzer & Check and Labaton Sucharow.

Methodology

The *Securities Class Action Services: Top 50* report is based upon historical settlement data from ISS' proprietary database, which tracks, among many other things, federal and state shareholder class actions. Each law firm was contacted by Securities Class Action Services to verify settlement data pertaining to that firm. This report does not include data on ERISA or derivative lawsuits.

This report reflects only those final settlements that resulted in the creation of a cash settlement fund on behalf of shareholders. Cases which resulted in no settlement fund being created, but instead had only non-monetary settlement terms (such as corporate governance changes, changes in the terms of a merger, etc.) are not included. Further information on these types of settlements can be found in the Securities Class Action Services database.

This report credits law firms that served as lead or co-lead counsel in a case with the entire settlement fund, regardless of how many other firms served as lead or co-lead counsel in the case. Thus, for a settlement of \$1,000,000 where there were two lead counsels, the Securities Class Action Services 50 credits both law firms with \$1,000,000 rather than dividing the settlement fund between them. For purposes of this report, law firms are considered to be lead or co-lead counsel if they are identified as such in the notice of settlement distributed to shareholders.

Terminology

Settlement Total is the total cash amount made available to investors for recovery for all final settlements occurring in 2016 in which the law firm served as lead or co-lead counsel, and where a settlement fund resulted.

Number of Settlements listed the Top 5 total number of final settlements occurring in 2016 in which the law firm served as lead or co-lead counsel, and where a settlement fund resulted.

The Top 50 of 2016

Rank	Law Firm	Settlement Amount (in USD)
1	Robbins Geller Rudman & Dowd	2,751,468,060
2	Bernstein Litowitz Berger & Grossmann	2,016,943,533
3	Brower Piven	1,121,000,000
4	Milberg	1,076,125,000
5	Stull Stull & Brody	1,066,950,000
6	Grant & Eisenhofer	796,482,311
7	Kessler Topaz Meltzer & Check	567,293,060
8	Barrack, Rodos & Bacine	335,000,000
9	Hare, Wynn, Newell & Newton	310,000,000
9	Francis Law	310,000,000
9	Somerville	310,000,000
12	Labaton Sucharow	279,575,000
13	Motley Rice	251,250,000

Rank	Law Firm	Settlement Amount (in USD)
14	Bleichmar Fonti Tountas & Auld	248,825,000
15	Pomerantz	201,797,000
16	Cohen Milstein Sellers & Toll	152,062,500
17	Zimmerman Reed	125,000,000
17	Lockridge Grindal Nauen	125,000,000
19	The Rosen Law Firm	97,539,000
20	Lowenstein Sandler	96,000,000
21	Wolf Popper	86,500,000
22	Nix, Patterson & Roach	75,000,000
23	Glancy Prongay & Murray (f.k.a. Glancy Binkow & Goldberg)	61,446,782
24	Berger & Montague	57,325,000
25	Lovell Stewart Halebian Jacobson	55,000,000
25	Boies, Schiller & Flexner	55,000,000
27	Levi & Korsinsky	53,697,000
28	Prickett, Jones & Elliott	52,700,000
29	Pomerantz Grossman Hufford Dahlstrom & Gross	47,020,000
30	Smith, Katzenstein & Jenkins	35,000,000
31	Scott & Scott	33,800,000
32	Block & Leviton	30,000,000
33	Siskinds	28,197,226
34	Abraham, Fruchter & Twersky	28,100,000
35	Frydman	27,500,000
36	Koskie Minsky	26,248,796
37	Newman Ferrara	23,000,000
38	Kahn Swick & Foti	20,500,000
39	D'Arcy & Deacon	19,163,210

Rank	Law Firm	Settlement Amount (in USD)
39	Merchant Law Group	19,163,210
39	Rochon Genova	19,163,210
39	Sutts Strosberg	19,163,210
43	Robbins Arroyo (f.k.a. Robbins Umeda)	19,000,000
44	Federman & Sherwood	17,950,000
45	Friedlander & Gorris	17,500,000
45	Spector Roseman Kodroff & Willis	17,500,000
47	Faruqi & Faruqi	13,800,000
48	Siskinds, Desmuelles	13,025,816
49	Bernstein Liebhard	10,000,000
49	The Weiser Law Firm	10,000,000

Top Firms by Number of Settlements

Rank (by number of settlements)	Rank (by settlement amount)	Law Firm	Total Settlement Amount (in USD)	Number of Settlements
1	1	Robbins Geller Rudman & Dowd	\$2,751,468,060	29
2	15	Pomerantz	\$201,797,000	15
2	19	The Rosen Law Firm	\$97,539,000	15
4	2	Bernstein Litowitz Berger & Grossmann	\$2,016,943,533	14
5	7	Kessler Topaz Meltzer & Check	\$567,293,060	10
5	12	Labaton Sucharow	\$279,575,000	10

Never miss an opportunity for recovery.



Get Started with Securities Class Action Services.
www.issgovernance.com/class-actions
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ABOUT ISS

Founded in 1985 as Institutional Shareholder Services Inc., ISS is the world's leading provider of corporate governance and responsible investment (RI) solutions for asset owners, asset managers, hedge funds, and asset service providers. ISS' solutions include: objective governance research and recommendations; RI data, analytics, and research; end-to-end proxy voting and distribution solutions; turnkey securities class-action claims management (provided by Securities Class Action Services, LLC); and reliable global governance data and modeling tools. Clients rely on ISS' expertise to help them make informed corporate governance decisions. For more information, please visit www.issgovernance.com.

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Tab 2

Securities Group Of The Year: Robbins Geller

By Jack Newsham

Law360 (February 7, 2018, 4:14 PM EST) -- Robbins Geller Rudman & Dowd LLP's big victories at the end of long-fought shareholder suits against a unit of HSBC Holdings PLC, Community Health Systems Inc. and the former bosses of auto parts supplier Dana Corp. have set it apart from other securities litigation shops and have earned it a spot on Law360's list of Practice Groups of the Year.

From winning a roughly \$1.6 billion settlement against HSBC subsidiary Household International Inc. to filing novel actions against privately held giants like Theranos Inc., Robbins Geller cemented its reputation as a go-to firm for harmed investors in the yearlong period starting Oct. 1, 2016. The firm, whose roughly 200 lawyers are overwhelmingly focused on securities cases, sets itself apart with its drive for "an optimum result" for clients, partner Darren Robbins said.

In the Household case, which was filed in 2002 and ended in final approval in October 2016, the Lawrence E. Jaffe Pension Plan and other investors beat the defendants at trial and had a key part of the judgment upheld on appeal. Luke Brooks, a partner on Robbins Geller's trial team on that case, said the Seventh Circuit's decision upheld their use of an unorthodox "leakage" damages model that resulted in a higher per-share result when the case was settled on the eve of a second trial.

"My colleagues across the plaintiffs' bar were thrilled by the decision — more thrilled than I was, because of the partial reversal," he said. But at every turn, "we demonstrated to them that this was something they couldn't escape with a nominal payment."

The case involved spending more than \$34 million, going toe-to-toe with a long list of prominent defense firms, ultimately leading to a settlement at 4 a.m. on the day the second trial was set to begin, Robbins said. He added that the case encapsulates the firm's strong points: "our commitment to the clients, not giving up, not settling early, not settling on the cheap, and obtaining an optimal result."

Household wasn't the only long-pending case that wrapped up recently. In November 2016, the firm won final approval of a \$64 million deal with former Dana Corp. executives over an accounting scandal in the case Plumbers & Pipefitters National Pension Fund v. Burns. It took 11 years of litigating, including two trips to the Sixth Circuit, to get there.



Sometimes, investors want more than just financial recovery. Robbins said settlements that call for corporate governance reforms have become a hallmark of his practice, like the one his team notched this year in a shareholder derivative suit against the hospital chain Community Health Systems.

"Large institutions were not entirely satisfied with just getting the money they lost back," Robbins said. "There was a thought — after seeing Waste Management and several other public companies repeatedly violate the securities laws in the late 1990s and early 2000s — that if we're going to take the time and effort to file securities actions, let's make sure we fix the underlying problem."

Not only did investors get \$60 million in the Community Health deal, but a stronger voice in the company's direction, with two directors on its board. The settlement required members of the board's compensation committee to be independent directors and created a clawback scheme that required the recovery of compensation paid to the company's top officers if its accounts were restated, among other changes.

Robbins Geller attorneys also notched an important win in a fight with software maker Quality Systems Inc., which won dismissal and sought to preserve its win in the Ninth Circuit. But in July 2017, an appeals panel resuscitated the case, finding that statements the lower court had found to be nonactionable were "mixed," with both forward-looking information that was protected by federal law and nonforward looking info that could form the basis for a fraud claim.

The firm's attorneys are also representing plaintiffs in potentially groundbreaking securities actions against Theranos and Uber Technologies Inc., both highly valued private companies that have seen their valuations drop in the wake of corporate scandals. Although neither case has panned out yet, Brooks, who worked on the Household trial team, said they show that the firm is willing to go the distance.

"It's a new line of attack, but we're definitely willing to be and have been on the vanguard of these cases," he said. "As the defendants find new ways to commit fraud, we're going to find new ways to hold them accountable."

--Editing by Alyssa Miller.

Tab 3

ROBBINS GELLER'S RECOVERIES

THE LARGEST NUMBER OF CLASS ACTION RECOVERIES OF ANY U.S. LAW FIRM

- Institutional Shareholder Services

	Total PLSRA Recoveries	Robbins Geller Recoveries	Robbins Geller Recoveries as % of All Recoveries
2014	\$2.9 billion	\$925 million	32.0%
2015	\$5 billion	\$1.577 billion	31.5%
2016	\$6.4 billion	\$2.75 billion	42.3%

Tab 4

UNIQUE BENEFITS OF ROBBINS GELLER'S MONITORING PROGRAM:

ACTIVE IDENTIFICATION OF UNDETECTED FRAUD VS. PASSIVE REPORTING OF FILED LITIGATION

Case	Recovery
<i>Jones v. Pfizer Inc.</i> , No. 1:10-cv-03864-AKH (S.D.N.Y.)	\$400 Million
<i>NECA-IBEW Health & Welfare Fund v. Goldman Sachs & Co.</i> , No. 1:08-cv-10783 (S.D.N.Y.)	\$272 Million
<i>Schuh v. HCA Holdings, Inc.</i> , No. 3:11-cv-01033 (M.D. Tenn.)	\$215 Million
<i>Local 703, I.B. of T. Grocery and Food Employees Welfare Fund v. Regions Financial Corporation</i> , No. 2:10-cv-02847-IPJ (N.D. Ala.)	\$90 Million

Tab 5

Largest Recovery Arising Out of Options Backdating Scandal

Robbins Geller
Rudman & Dowd LLP



UnitedHealth GroupSM

On July 1, 2008, **California Public Employees' Retirement System ("CalPERS")** and **Alaska Plumbing and Pipefitting Industry Pension Trust ("Alaska")** announced a settlement with UnitedHealth Group Inc. and certain individual defendants for a record-breaking \$895 million. Just

over two months later, a settlement was also reached with the two remaining defendants – bringing the total recovery for the class to over \$925 million.

In addition to the monetary recovery, UnitedHealth also made critical changes to a number of its corporate governance policies, including electing a shareholder-nominated member to the company's Board of Directors. Other key corporate governance changes included (i) enhanced standards for director independence; (ii) a mandatory holding period for options issued to executives; (iii) a shareholder approval requirement for any stock options re-pricing; and (iv) a peer group comparison requirement when establishing incentive compensation.

Since March 2006, when *The Wall Street Journal* published its Pulitzer Prize-winning article "The Perfect Payday," UnitedHealth's stock options backdating practices have been scrutinized by journalists, academics and numerous government agencies.

The Wall Street Journal identified UnitedHealth as a company with "wildly improbable option-grant patterns." By April 2006, the SEC had begun an informal inquiry prompting UnitedHealth to initiate an independent investigation into its own historical stock options granting practices.

After being selected as lead plaintiff, CalPERS filed a consolidated complaint in December 2006. Chief Judge James M. Rosenbaum denied defendants' motions to dismiss the consolidated complaint in their entirety, and compared defendants' scheme to the movie *The Sting*, a story about "past-posting," or betting on horse races after the results are known."

During the discovery process, Robbins Geller attorneys carefully scoured more than 22 million pages of documents obtained from defendants, as well as hundreds of thousands of additional documents from more than 15 third parties.

The team delved into the company's documents and internal correspondence, uncovering UnitedHealth's pervasive options backdating scheme. Robbins Geller attorneys also collectively took more than 50 depositions and engaged in significant motion practice in the months leading up to the close of discovery. Plaintiffs' success on these fronts was resounding.

Although accounting issues concerning stock options grants are complex, the documents and testimony plaintiffs acquired during discovery established a strong case regarding liability. Regardless,

plaintiffs faced significant legal hurdles to show loss causation – that the actions of defendants were responsible for causing the stock losses – as well as damages. Determined to find the pressure points that could lead to settlement, plaintiffs pursued two separate discovery matters, which ultimately forced the company's hand.

First, plaintiffs moved to compel defendants to produce documents compiled and drafted by the company's outside counsel during the course of its independent investigation – documents the court had previously determined were protected by the work product doctrine. At the hearing on the motion, Magistrate Judge Franklin L. Noel cautioned plaintiffs' counsel, "I think I [previously] . . . thought about this . . . [y]ou are certainly free to try to change my mind." A combination of novel legal argument, defendants' own documents, and testimony did just that. On June 4, 2008, Magistrate Judge Noel ordered that defendants produce the previously withheld documents to plaintiffs.

Next, plaintiffs moved the court to unseal the record and publicly expose the company's fraudulent options practices. The court ordered that certain previously redacted facts and evidence revealing the true scope of defendants' fraud be made available to the public.

With a court order requiring UnitedHealth to produce documents defendants considered to be work product, and the knowledge that devastating information would be made available for all the world to see, plaintiffs gave defendants no choice but to come to the bargaining table and resolve the case.

Shortly after reaching the \$895 million settlement with the company, the remaining defendants, former CEO William W. McGuire and former General Counsel and Corporate Secretary David J. Lubben, also settled. **McGuire paid \$30 million and returned stock options representing more than 3 million shares to shareholders**, while Lubben paid an additional \$500,000 to shareholders. The size of McGuire's settlement is "pretty amazing," according to Charles Elson, director of the Weinberg Center for Corporate Governance at the University of Delaware. Elson added that the settlement with McGuire is a "significant accomplishment" that "doesn't happen very often."

Overcoming serious obstacles, CalPERS and Alaska have recovered an unprecedented settlement for shareholders and additional corporate governance measures that will ensure greater oversight in executive compensation in the future. The case is monumental for shareholders seeking to recover losses sustained as a result of improper accounting for backdated stock options and is the largest recovery in a securities class action in the Eighth Circuit.

Robbins Geller attorneys **Michael J. Dowd, Arthur C. Leahy, Andrew J. Brown** and **Maureen E. Mueller** prosecuted the action on behalf of plaintiffs. An additional 20 contract attorneys and forensic accountants also aided in the prosecution of the case.

In re UnitedHealth Grp. Inc. PSLRA Litig., No. 06-CV-1691 (D. Minn.).

Unprecedented Corporate Governance Reforms and Recovery in *Community Health Systems*

Robbins Geller
Rudman & Dowd LLP



After more than five years of hard-fought litigation, on January 17, 2017, the Honorable Kevin H. Sharp of the United States District Court for the Middle District of Tennessee approved the settlement of *In re Community Health Systems, Inc. Shareholder Derivative*

Litigation. The settlement provides for a \$60 million cash payment to Community Health and the implementation of pervasive corporate governance reforms.

The settlement resolves allegations that Community Health's directors and officers breached their fiduciary duties by developing and condoning a policy in which patients were systematically steered into medically unnecessary inpatient admissions when they should have been treated as outpatients. These fraudulent billing practices violated Medicare and Medicaid regulations and caused Community Health to artificially inflate reimbursement payments, ultimately resulting in the company being forced to pay more than \$98 million to resolve federal and state investigations into its Medicare compliance practices.

The action was filed in 2011 by plaintiffs **Plumbers and Pipefitters Local Union No. 630 Pension-Annuity Trust Fund** and **Roofers Local No. 149 Pension Fund**. After defeating defendants' motion to dismiss and motion for reconsideration, Robbins Geller and co-counsel pursued vigorous and expansive discovery, ultimately reviewing and analyzing over 2.5 million pages of documents and deposing 35 percipient witnesses to develop the evidence necessary to support plaintiffs' claims.

Just days before the end of fact discovery, defendants agreed to settle the action by (i) paying \$60 million to Community Health; and (ii) causing the company to agree to adopt corporate governance reforms designed to directly address the underlying compliance concerns raised in the action.

The \$60 million payment represents the largest shareholder derivative recovery ever in the Sixth Circuit and equates to more than 60% of the \$98 million Community Health was required to pay to settle the government's allegations regarding the company's improper Medicare compliance practices. The governance reforms obtained are equally extraordinary and include shareholder nomination of two independent directors, the appointment of an independent director as the Board's Lead Director, a requirement that the Board's Compensation Committee consist solely of independent directors, the establishment of insider trading controls, the adoption of a political expenditure disclosure policy, and the implementation of an automatic clawback provision to recover compensation improperly paid to the company's CEO or CFO.

"The landmark corporate governance reforms achieved are a huge step forward for Community Health and its shareholders," commented Robbins Geller partner **Benny C. Goodman III**.

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In re Community Health Systems, Inc. Shareholder Derivative Litigation, Master Docket No. 3:11-cv-00489, Order Approving Derivative Settlement and Order of Dismissal with Prejudice (M.D. Tenn. Jan. 17, 2017).

Landmark Robo-Signing Derivative Settlement

The Wells Fargo logo is displayed in a red square with the words "WELLS" and "FARGO" stacked vertically in a yellow, serif font.

On July 25, 2014, United States Senior District Judge Susan Illston of the Northern District of California granted final approval of a settlement reached by the parties in *City of Westland Police & Fire Ret. Sys. v. Stumpf*.

The settlement, believed to be the first of its kind involving shareholder derivative claims, provides \$67 million in funding

for initiatives designed to realign Wells Fargo & Company's ("Wells Fargo") position and reputation in communities adversely impacted by alleged "robo-signing," *i.e.*, the execution and submission of false legal documents in courts across the country without verification of their truth or accuracy in order to expedite foreclosures, and the financial crisis that ensued. The initiatives will be concentrated in cities severely impacted by the foreclosure practices and include \$36.5 million for down payment assistance in the Stockton/Modesto/Fresno Metropolitan Statistical Areas ("MSA") (\$7.5 million); Bakersfield, California MSA (\$4.75 million); Detroit, Michigan MSA (\$5.25 million); Albuquerque, New Mexico MSA (\$4.75 million); Virginia Beach, Virginia MSA (\$4.75 million); St. Louis, Missouri MSA (\$4.75 million); and New Haven, Connecticut MSA (\$4.75 million).

The settlement also provides for \$6 million in credit counseling programs to be implemented through a network of local HUD-certified, non-profit housing counselors for the benefit of Wells Fargo customers experiencing mortgage payment challenges. These counselors will provide Wells Fargo customers with credit-related counseling designed to prevent and recover from foreclosure, manage debt, understand housing opportunities, and maintain overall financial health. The settlement further provides that Wells Fargo shall invest at least \$24.5 million for the integration of Wells Fargo's mortgage servicing computer systems to enhance the execution and efficiency of Wells Fargo's mortgage servicing procedures nationwide.

In addition to foreclosure-related relief, the settlement also calls for Wells Fargo to adopt a comprehensive system for the analysis and review of shareholder proposals by directors, as well as a strict ban on stock pledges by Wells Fargo executives. To aid in the oversight of the implementation of the settlement terms, the Honorable James Ware, United States District Judge (Ret.), has agreed to assist in the monitoring of the settlement and to resolve disputes, if any, that may arise during the implementation of the settlement. Robbins Geller is one of the two firms appointed to serve as lead counsel.

City of Westland Police and Fire Retirement System, an institutional investor, commenced the action on May 13, 2011, by filing a shareholder derivative complaint in federal court in San Francisco, California. The complaint alleged that the Wells Fargo board of directors breached its fiduciary duty of loyalty in connection with the company's alleged robo-signing.

On October 5, 2011, defendants filed a motion to dismiss the operative complaint, which the district court, after briefing and oral argument, denied in part and granted in part on February 9, 2012. The district court found, among other things, that the complaint "sufficiently alleged that defendants breached their duty of loyalty by failing to disclose that, in the course of government investigations, Wells Fargo had opposed discovery requests, filed motions to quash, and refused to provide details concerning the Company's policies." The court further found that "[d]efendants explicitly recommended that shareholders vote against the proposal for a new internal investigation in order to ensure that the Company would fully cooperate with government regulators. The fact that the Company was allegedly stymying the government regulators is certainly material to stockholders when considering whether to authorize a more serious internal investigation. If, as alleged, defendants did not disclose material information within the Board's control, defendants breached their duty of loyalty to the Company."

Between April 2012 and December 2012, the parties engaged in extensive document and deposition discovery, as well as filed numerous requests to compel discovery with the district court. Additionally, on April 13, 2012, defendants filed a motion to bifurcate discovery, which the district court denied on May 17, 2012.

As pretrial preparation continued, the parties engaged in preliminary discussions regarding resolution of the disputed claims. In early December 2012, the discussions resulted in an agreement between the parties to pursue formal mediation. Towards that end, between December 2012 and January 2014, the parties engaged in a formal mediation process before the Honorable Layn R. Phillips, United States District Judge (Ret.). The year-long mediation proceedings ultimately resulted in the parties reaching an agreement on the material terms of the settlement on January 16, 2014, which the court finally approved on July 25, 2014.

"The settlement is an extraordinary result for Wells Fargo and its shareholders. It affords Wells Fargo the opportunity to restore its reputation by regaining trust and rebuilding strong ties in communities adversely impacted by the alleged robo-signing and the mortgage foreclosure crisis," said Robbins Geller partner **Shawn A. Williams**.

Robbins Geller attorneys **Shawn A. Williams, Aelish M. Baig, Travis E. Downs III, Rachel L. Jensen, Christopher D. Stewart,** and **Katerina M. Polychronopoulos** prosecuted the case for the Firm.

City of Westland Police & Fire Ret. Sys. v. Stumpf, No. 3:11-cv-02369 (N.D. Cal.).



Attorney General's Office, Special AAG recover \$31.3 million in Lehman Bonds losses for State Investment Board

January 30, 2014

OLYMPIA – The Washington State Attorney General's Office (AGO) and a special assistant attorney general recovered \$31 million for the State Investment Board (WSIB) in a settlement announced today related to the 2008 collapse of Lehman Brothers, Inc.—the largest corporate bankruptcy in history. Before declaring bankruptcy, Lehman Brothers was the fourth largest investment bank in the U.S.

The lawsuit, filed in May 2009, alleged Lehman failed to disclose material facts in connection with the various securities it sold to Washington, including the true value and risky nature of its mortgage-related assets.

The lawsuit also claimed that Lehman's financial statements failed to comply with applicable accounting standards. Specifically, Lehman engaged in a practice known as "Repo 105," whereby they transferred billions of dollars of assets each quarter and accounted for them as sales of assets as opposed to financings. This accounting maneuver gave the illusion Lehman was more financially stable than it was.

WSIB purchased Lehman bonds between 2006 and mid-2008. When Lehman declared bankruptcy, WSIB liquidated its holdings and recorded losses of more than \$92 million on these bonds.

This settlement recovered roughly one-third of the WSIB's losses from former Lehman executives and directors, underwriters for several Lehman offerings, and Ernst and Young LLP, Lehman's outside auditor. The recovered funds will be returned to an account which the board invests.

"This settlement is a substantial victory for the state of Washington and the beneficiaries of the funds managed by the WSIB," said Investment Board Executive Director Theresa Whitmarsh. "The settlement enables the WSIB to put the money back to work for our beneficiaries and other stakeholders."

"The Attorney General's Office will hold powerful interests accountable when they don't play by the rules," said Attorney General Bob Ferguson. "The recovery of \$31 million, despite Lehman's dramatic collapse, helps Washington's bottom line and returns money to the state retirement plans."

Originally filed in Thurston County Superior Court the case was ultimately transferred to the federal court in the Southern District of New York in Manhattan. The lawsuit was handled by the AGO and the law firm of Robbins Geller Rudman & Dowd LLP, which served as a special assistant attorney general pursuant to a contract with the Attorney General's Office.

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The WSIB manages a total of \$94.6 billion in investments including assets for 17 retirement plans for public employees, teachers, school employees, law enforcement officers, firefighters and judges. The WSIB also manages investments for 16 other public funds that support or benefit industrial insurance, colleges and universities, and developmental disability programs.

The Office of the Attorney General is the chief legal office for the state of Washington with attorneys and staff in 27 divisions across the state providing legal services to roughly 200 state agencies, boards and commissions. Attorney General Bob Ferguson is working hard to protect consumers and seniors against fraud, keep our communities safe, protect our environment and stand up for our veterans. Visit www.atg.wa.gov to learn more.

Largest Securities Class Action Recovery Following a Trial



On October 20, 2016, after 14 years of tireless litigation, Robbins Geller obtained final approval of a record-breaking \$1.575 billion recovery in the Household International (now HSBC Finance Corporation) securities class action. The \$1.575 billion recovery is a record; it is the largest ever following a securities fraud class action trial, the largest securities fraud settlement in the Seventh Circuit and the seventh-largest settlement ever in a post-PSLRA securities fraud case.

The case was filed on August 19, 2002. On May 7, 2009, a jury returned a verdict in favor of the plaintiff class following a six-week trial before the Honorable Ronald A. Guzman in the United States District Court for the Northern District of Illinois. The jury found that Household International, Inc. and the individual defendants, William Aldinger, David Schoenholz and Gary Gilmer, collectively made 17 false and misleading statements concerning the Illinois lender's financial results and operations in violation of §10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5. During the relevant period, William Aldinger was the Company's Chief Executive Officer, David Schoenholz was its Chief Financial Officer and Gary Gilmer headed Household's Consumer Lending Group, at which the majority of the predatory lending practices asserted by plaintiffs took place. Plaintiffs' counsel, Robbins Geller, fought the defendants' repeated attempts to derail the litigation after the verdict, which included several post-trial motions to invalidate the verdict, objections to tens of thousands of claims by injured class members, and an appeal to the Seventh Circuit Court of Appeals.

On May 21, 2015, the Seventh Circuit upheld the jury's verdict that defendants made false or misleading statements of material fact about the company's predatory lending practices, the quality of its loan portfolio and the company's financial results between March 23, 2001 and October 11, 2002, but remanded the case for a retrial limited to whether the individual defendants "made" certain false statements, whether those statements caused plaintiffs' losses, and the amount of damages.

The Household case was litigated by Robbins Geller on behalf of court-appointed lead plaintiffs the International

Union of Operating Engineers, Local 132 Pension Plan, PACE Industry Union-Management Pension Fund and Glickenhau & Company. Robbins Geller's team of attorneys, forensic accountants and support staff was led by partners **Michael J. Dowd**, **Spencer A. Burkholz**, **Daniel S. Drosman**, **Luke O. Brooks** and **Maureen E. Mueller**.

Since the enactment of the PSLRA, trials in securities fraud cases have been rare. According to published reports, the case was just the seventh securities fraud case tried to a verdict since the passage of the PSLRA. Robbins Geller is well equipped to handle such trials. The Firm boasts over 20 former federal and state prosecutors among its partners and associates, as well as a number of other experienced trial lawyers, making Robbins Geller unique among firms that specialize in plaintiffs' class action litigation in its ability to successfully bring such cases to trial, appeal, and ultimately a successful resolution. The case highlights the Firm's willingness to shoulder the burden of sustained litigation. Robbins Geller was ready to try the case to verdict a second time, moving more than a dozen attorneys, other professionals and support staff to Chicago for the trial in 2009 and again for the retrial.

In approving the settlement, the Honorable Jorge L. Alonso noted the team's "skill and determination" while recognizing that "Lead Counsel prosecuted the case vigorously and skillfully over 14 years against nine of the country's most prominent law firms" and "achieved an exceptionally significant recovery for the class." The court added that the team faced "significant hurdles" and "uphill battles" throughout the case and recognized that "[c]lass counsel performed a very high-quality legal work in the context of a thorny case in which the state of the law has been and is in flux." The court succinctly concluded that the settlement was "a spectacular result for the class."

Jaffe v. Household Int'l, Inc., No. 1:02-CV-05893 (N.D. Ill.).

Largest Recovery Arising Out of Options Backdating Scandal

Robbins Geller
Rudman & Dowd LLP



UnitedHealth GroupSM

On July 1, 2008, **California Public Employees' Retirement System ("CalPERS")** and **Alaska Plumbing and Pipefitting Industry Pension Trust ("Alaska")** announced a settlement with UnitedHealth Group Inc. and certain individual defendants for a record-breaking \$895 million. Just

over two months later, a settlement was also reached with the two remaining defendants – bringing the total recovery for the class to over \$925 million.

In addition to the monetary recovery, UnitedHealth also made critical changes to a number of its corporate governance policies, including electing a shareholder-nominated member to the company's Board of Directors. Other key corporate governance changes included (i) enhanced standards for director independence; (ii) a mandatory holding period for options issued to executives; (iii) a shareholder approval requirement for any stock options re-pricing; and (iv) a peer group comparison requirement when establishing incentive compensation.

Since March 2006, when *The Wall Street Journal* published its Pulitzer Prize-winning article "The Perfect Payday," UnitedHealth's stock options backdating practices have been scrutinized by journalists, academics and numerous government agencies.

The Wall Street Journal identified UnitedHealth as a company with "wildly improbable option-grant patterns." By April 2006, the SEC had begun an informal inquiry prompting UnitedHealth to initiate an independent investigation into its own historical stock options granting practices.

After being selected as lead plaintiff, CalPERS filed a consolidated complaint in December 2006. Chief Judge James M. Rosenbaum denied defendants' motions to dismiss the consolidated complaint in their entirety, and compared defendants' scheme to the movie *The Sting*, a story about "past-posting," or betting on horse races after the results are known."

During the discovery process, Robbins Geller attorneys carefully scoured more than 22 million pages of documents obtained from defendants, as well as hundreds of thousands of additional documents from more than 15 third parties.

The team delved into the company's documents and internal correspondence, uncovering UnitedHealth's pervasive options backdating scheme. Robbins Geller attorneys also collectively took more than 50 depositions and engaged in significant motion practice in the months leading up to the close of discovery. Plaintiffs' success on these fronts was resounding.

Although accounting issues concerning stock options grants are complex, the documents and testimony plaintiffs acquired during discovery established a strong case regarding liability. Regardless,

plaintiffs faced significant legal hurdles to show loss causation – that the actions of defendants were responsible for causing the stock losses – as well as damages. Determined to find the pressure points that could lead to settlement, plaintiffs pursued two separate discovery matters, which ultimately forced the company's hand.

First, plaintiffs moved to compel defendants to produce documents compiled and drafted by the company's outside counsel during the course of its independent investigation – documents the court had previously determined were protected by the work product doctrine. At the hearing on the motion, Magistrate Judge Franklin L. Noel cautioned plaintiffs' counsel, "I think I [previously] . . . thought about this . . . [y]ou are certainly free to try to change my mind." A combination of novel legal argument, defendants' own documents, and testimony did just that. On June 4, 2008, Magistrate Judge Noel ordered that defendants produce the previously withheld documents to plaintiffs.

Next, plaintiffs moved the court to unseal the record and publicly expose the company's fraudulent options practices. The court ordered that certain previously redacted facts and evidence revealing the true scope of defendants' fraud be made available to the public.

With a court order requiring UnitedHealth to produce documents defendants considered to be work product, and the knowledge that devastating information would be made available for all the world to see, plaintiffs gave defendants no choice but to come to the bargaining table and resolve the case.

Shortly after reaching the \$895 million settlement with the company, the remaining defendants, former CEO William W. McGuire and former General Counsel and Corporate Secretary David J. Lubben, also settled. **McGuire paid \$30 million and returned stock options representing more than 3 million shares to shareholders**, while Lubben paid an additional \$500,000 to shareholders. The size of McGuire's settlement is "pretty amazing," according to Charles Elson, director of the Weinberg Center for Corporate Governance at the University of Delaware. Elson added that the settlement with McGuire is a "significant accomplishment" that "doesn't happen very often."

Overcoming serious obstacles, CalPERS and Alaska have recovered an unprecedented settlement for shareholders and additional corporate governance measures that will ensure greater oversight in executive compensation in the future. The case is monumental for shareholders seeking to recover losses sustained as a result of improper accounting for backdated stock options and is the largest recovery in a securities class action in the Eighth Circuit.

Robbins Geller attorneys **Michael J. Dowd, Arthur C. Leahy, Andrew J. Brown** and **Maureen E. Mueller** prosecuted the action on behalf of plaintiffs. An additional 20 contract attorneys and forensic accountants also aided in the prosecution of the case.

In re UnitedHealth Grp. Inc. PSLRA Litig., No. 06-CV-1691 (D. Minn.).

Unprecedented Corporate Governance Reforms and Recovery in *Community Health Systems*

Robbins Geller
Rudman & Dowd LLP



After more than five years of hard-fought litigation, on January 17, 2017, the Honorable Kevin H. Sharp of the United States District Court for the Middle District of Tennessee approved the settlement of *In re Community Health Systems, Inc. Shareholder Derivative*

Litigation. The settlement provides for a \$60 million cash payment to Community Health and the implementation of pervasive corporate governance reforms.

The settlement resolves allegations that Community Health's directors and officers breached their fiduciary duties by developing and condoning a policy in which patients were systematically steered into medically unnecessary inpatient admissions when they should have been treated as outpatients. These fraudulent billing practices violated Medicare and Medicaid regulations and caused Community Health to artificially inflate reimbursement payments, ultimately resulting in the company being forced to pay more than \$98 million to resolve federal and state investigations into its Medicare compliance practices.

The action was filed in 2011 by plaintiffs **Plumbers and Pipefitters Local Union No. 630 Pension-Annuity Trust Fund** and **Roofers Local No. 149 Pension Fund**. After defeating defendants' motion to dismiss and motion for reconsideration, Robbins Geller and co-counsel pursued vigorous and expansive discovery, ultimately reviewing and analyzing over 2.5 million pages of documents and deposing 35 percipient witnesses to develop the evidence necessary to support plaintiffs' claims.

Just days before the end of fact discovery, defendants agreed to settle the action by (i) paying \$60 million to Community Health; and (ii) causing the company to agree to adopt corporate governance reforms designed to directly address the underlying compliance concerns raised in the action.

The \$60 million payment represents the largest shareholder derivative recovery ever in the Sixth Circuit and equates to more than 60% of the \$98 million Community Health was required to pay to settle the government's allegations regarding the company's improper Medicare compliance practices. The governance reforms obtained are equally extraordinary and include shareholder nomination of two independent directors, the appointment of an independent director as the Board's Lead Director, a requirement that the Board's Compensation Committee consist solely of independent directors, the establishment of insider trading controls, the adoption of a political expenditure disclosure policy, and the implementation of an automatic clawback provision to recover compensation improperly paid to the company's CEO or CFO.

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