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WASHINGTON LEGAL FOUNDATION
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July 7, 2003

RECEIVED
JUL 07 2003
OFFICE OF THE SECRETARY

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Supplemental Comments on Regulation of Hedge Funds (File No. 4-476)

Dear Mr. Katz:

On April 30, **2003,** the Washington Legal Foundation (WLF) filed comments in the above-captioned proceeding on the regulation of hedge funds. On May 22, 2003, the SEC decided to re-open the comment period until July 7, 2003. Accordingly, WLF wishes to supplement its earlier filed comments by submitting for the record the attached written statement of WLF, including exhibits, presented on May **22,** 2003 to the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises of the House Committee on Financial Services which held hearings on hedge fund regulation.

The enclosed statement, as well as WLF's earlier comments, focus on the relationship between short sellers **and** class action plaintiffs' attorneys who provide short sellers with material nonpublic information regarding the timing of the filing of major class action suits against publicly-traded companies. **As** the statement notes, WLF has filed both a complaint requesting an SEC investigation into the circumstances surrounding the short-selling of J.C. Penney Company stock by a hedge fund shortly before a major **class** action suit **was** filed against Eckerd Drug Stores which is owned by J.C. Penney, as well as a petition for rulemaking regarding communications between plaintiffs' attorneys and market analysts that are intended to drive down the price of a targeted company. **As** of this date, **we** have yet to learn what, if anything, the SEC is doing about this serious issue. Please let us **and** the public know what action the **SEC** is taking to address this problem.

Sincerely yours,

Daniel J. Popeo
Chairman & General Counsel

Paul D. Kamenar
Senior Executive Counsel

encl

STATEMENT OF

WASHINGTON LEGAL FOUNDATION

before the

SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE, AND GOVERNMENT SPONSORED ENTERPRISES

of the

COMMITTEE ON FINANCIAL SERVICES OF THE U.S. HOUSE OF REPRESENTATIVES

on

"THE LONG AND SHORT OF HEDGE FUNDS: EFFECTS OF STRATEGIES FOR MANAGING MARKET RISK"

THE RELATIONSHIP BETWEEN SHORT SELLERS AND TRIAL ATTORNEYS

DANIEL J. POPEO
CHAIRMAN AND GENERAL COUNSEL

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MAY 22, 2003

Mr. Chairman and Members of the Committee:

The Washington Legal Foundation (WLF) would like to thank the committee for the invitation to submit this written statement for the record on an important issue that has not been addressed by the Securities and Exchange Commission (SEC) or, heretofore, by the Congress: the relationship between trial attorneys and short sellers.

As we will explain in greater detail, evidence suggests that trial attorneys who file class action lawsuits may **be** selectively providing short sellers and others with information as to when the lawsuit against a publicly traded company will be filed with the court. The stock in the company is sold short before the suit is filed, and profits are realized when **the** price of the stock falls after the suit is filed and made public. Other questionable devices have been used by trial attorneys, such **as** encouraging analysts to downgrade the stock of a targeted company to spur the company to quickly settle the underlying suit, regardless of its merits.

WLF believes that this issue has been overlooked or ignored in the post-Enron regulatory, enforcement, and legislative environment designed to restore investor confidence and integrity in the securities markets. Last week, **the SEC** held a Hedge Fund Roundtable over a two-day period addressing a variety of topics regarding hedge funds, short selling, and related matters; unfortunately, the issue of the relationship between short sellers and trial attorneys was not addressed, despite WLF's **request** to the SEC that it do so.

Accordingly, WLF applauds the efforts and interest of the committee and its staff to learn more about this aspect of abusive trading practices as part of the overall concern of hedge fund operations and regulation. WLF also encourages the committee to exercise its oversight function by making sure that the SEC addresses this matter as well.

Interests of WLF

WLF is a nonprofit, public interest law and policy center based in Washington, D.C., with supporters nationwide. Since its founding *25* years ago, WLF has advocated free-enterprise principles, responsible government, property rights, a strong national security and defense, and a balanced civil and criminal justice system, all through WLF's Litigation Department, Legal Studies Division, and Civic Communications Program.

Earlier this year, WLF launched **its** INVESTOR PROTECTION PROGRAM (IPP). The goals of WLF's IPP are comprehensive: to protect the stock markets from manipulation; to protect employees, consumers, pensioners, and investors from stock losses caused by abusive litigation practices; to encourage congressional and regulatory oversight of the conduct of the plaintiffs' **bar** with the securities industry; and to restore investor confidence in the financial markets through regulatory and judicial reform measures.

As part of WLF's IPP, we filed a complaint with the SEC on January 21, 2003 calling on the Commission to conduct to formal investigation into the short-selling of J.C. Penney Co. stock that occurred shortly before and after a major class action lawsuit was filed against Eckerd **Drug** Stores which is owned by J.C. Penney. **As** more fully described in that cornplaint, serious questions were raised about the selective disclosure of the timing of the lawsuit to short-sellers of **J.C.** Penney Co. stock **as** reported in **a** *Wall Street Journal* article of January **7,** 2003, *"SuitButters Penney Shares, But Serves Short-Sellers Well,"* by David Armstrong and **Ann** Zimmerman. The **U.S.** Chamber of Commerce's Institute for Legal Reform supported WLF's complaint and urged the Commission to issue a "formal order of investigation." **A** copy of WLF's complaint is available on our website at *www.wlf.org*. The *Wall Street **Journal*** article describing the J.C. Penney lawsuit is attached hereto.

On March 24, **2003,** WLF filed a Petition for Rulemaking (SEC File No. 4-477) requesting that the **SEC** require that prior notice be given to the public of upcoming communications between plaintiff's attorneys and analysts, hedge fund managers, short-sellers, and others in order to protect investors in companies that are being targeted for litigation from any subsequent sudden drop in the stock prices of the targeted companies. **An** example of this kind of contact between **trial** lawyers and analysts **was** desckibed by reporter David Segal in **his** article, *Tag-Team **Lawyers** Make Business Blink: **HMOs Latest** to Grapple With Threat of Investor-Scaring Mega-Verdicts*, Wash. Post, Nov. 12, 1999 at A1, an online version of which is attached hereto. WLF's proposal is a variation of the **SEC** Rule FD (Fair Disclosure) which now requires company officials to make public certain discussions with analysts. WLF's rulemaking petition is also available on our website.

On April 30, 2003, WLF also filed comments with the SEC in response to **request** for public comments on the two-day Hedge Fund Roundtable that occurred last week, In those comments, WLF requested that the SEC's investigation of hedge funds include the issue of the relationship between plaintiffs' attorneys and short sellers. Those comments are also available on WLF's website.

In recent **years,** WLF has also opposed proposed class action settlements on behalf of class members objecting to excessive plaintiffs' attorneys fees, while class members receive little **if** any compensation. ***See, e.g.***, *In re Synthroid Mkt. Litig.*, 264 F.3d 712 (7th Cir. 2001); *Wilson* v. *Massachusetts Mutual Life Ins. Co.*, No. D0101 CV 9802814 (1st Dist., Sante Fe County, NM) (objection filed Feb. 2, 2001); *In **re** Compact Disc Minimum Advertised Price Antitrust Litigation, MDL* Docket No. **1361** (D. ME) (objections filed March 3, 2003). WLF **has** also participated in litigation **opposing** the filing of class action lawsuits against companies simply for failing to meet revenue and profitability projections. ***See,** e.g., **Cypress** Semiconductor Corp. v. Yourman*, 2001 Cal. App. Unpub. LEXIS 1963.

WLF's Legal **Studies** Division has produced and distributed timely publications on securities regulations. WLF's recently published Legal Backgrounders on the topic include: Peter L. Welsh, *Sarbanes-Oxley **And The** Cost Of Criminalization*; Robert **A.** McTamaney, *The Sarbanes-Oxley **Act** Of 2002: Will It **Prevent Future** "Enrons?"*; and Claudius O. Sokenu, *SEC **Expands** Foreign Corruption **Law** Beyond Congressional Intent.*

Finally, as part of WLF's Civic Communications Program, WLF educates the public by publishing **op-eds** and similar policy advertisements in the ***New York Times,*** *National Journal,* and other major publications. Three recent copies of those publications relating to trial lawyers and Wall Street are attached hereto for the record.

Accordingly, WLF has an long-standing interest in ensuring that lawsuits in general, and class actions in particular, are not prepared, discussed, and filed in such a **way** so as to cause needless harm to shareholders of the targeted company, or to enrich short-sellers who may have improperly received pre-filing information about the lawsuits.

Short Selling, Trial Attorneys, and SEC Regulation: A Case Example

We recognize that short selling is not inherently antithetical to the interests of investors and the securities markets. Indeed, short selling **plays** a positive role in the securities market by providing market liquidity and pricing efficiency. But precisely because short selling has an impact on the market, there is also potential for abuse.' For example, a "bear raid" occurs when short selling **is** designed to drive down the price of the stock by creating an imbalance on the sell-side interest. Congress was concerned about so-called "bear raids" following the 1929 stock market crash, and in enacting the Securities and Exchange Act of 1934, Congress gave the SEC the authority to stop short selling abuses.

In response, the SEC has enacted several rules, such **as** Rule 10a-1 **that** includes the so-called "uptick" rule which essentially requires that a security may be sold short at a price above the price which the immediately preceding sale was effected. In 1943, the **SEC** studied short selling in response to a request by Congress, and recommended improvements in short sale data collection, but apparently no action was taken. In 1976, the **SEC** ordered **a** general investigation in short **selling** and considered suspending the uptick rule, but withdrew its proposals due to public opposition.

In 1991, the House Committee on Government Operations issued a report on short selling, agreed that the SEC's uptick rule was valuable as **a** price stabilizing force, and encouraged Nasdaq to adopt similar restrictions. Moreover, **and** most relevant for the hearing today, the House Report also concluded that there appeared to **be** "a pattern of abusive and destructive rumor mongering, targeted specifically **at** companies in the equity securities of which some short-selling investors have established major short positions."[1] The House Report also recommended that daily and weekly short-selling data activity and interest be obtained from broker-dealers, and be made available electronically. *Id.*

On October 20, 1999, the SEC issued a "concept release" on short selling proposing to eliminate the uptick rule in certain circumstances and to make other changes in regulating short selling. However, no further action has been taken on the subject since then, and it is

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[1] *Short-Selling Activity in **the** Stuck Market: Market Effects and the Need fur Regulation* (Part 1) (House Report), H.R. Rep. No. 102-414 (1991).

unclear what the Commission may do in this area in light of the recent Hedge Fund hearings and related ongoing fact-finding by the SEC.

Congress' concern in 1991 about abusive short selling practices **was** well founded. To be sure, the SEC has taken some enforcement action against a few hedge fund operators and others who have engaged in fraud and illegal market manipulation; but it has failed to address the more subtle and covert relationship between trial attorneys and short sellers that involve the selective release of nonpublic material information regarding class actions or other major lawsuits by trial attorneys with short sellers or analysts.

The following case study involving a class action lawsuit against Eckerd Drug Stores and short selling of J.C. Penney Co. stock, the parent **of** Eckerd, illustrates what we perceive to **be** a problem that undermines the integrity of the securities markets and investor confidence. The January 7, 2003 *Wall **Street** Journal* article referred to earlier described the Eckerd Drug case as "a window into the subculture of short sellers and class-action law firms where negative reports about companies are often seized upon and circulated, to the detriment of the companies and their stocks." *Journal* at 2. In this case, the price of Penney's stock dropped approximately ***32*** percent from mid-November 2001 to April 2002 when an amended complaint against Eckerd Drugs was filed. Concomitantly, short-selling of the stock rose 43 percent in the 30-day period between January 15 and February 15, 2002.

The *Journal* article raises some very serious and troubling questions about the dissemination of information regarding the timing of the filing of a potentially damaging multimillion dollar class action lawsuit against a publicly traded company, and the ensuing short-selling in the stock of the targeted company. **As** an initial matter, **it** is worth noting that the original lead plaintiff, Shirley Minsky, a 77-year old widow from Fort Lauderdale, Florida, was upset to learn from the news that she was the lead plaintiff in the suit; she angrily denied ever talking with any attorney about the suit, much less authorizing the filing of the lawsuit. According to Mrs. Minsky, the attorneys "made **up** the whole damn story." The lawyers scrambled to find another lead plaintiff who was substituted for Mrs. Minksy. *Gerald Mann v. **Eckerd** Corp.*, Docket No. 02-02311CACE(18) (Cir. Ct., 17th Jud. Dist., Broward County) (motion to dismiss third amended complaint to be heard June **26,** 2003).

More troubling is the sequence of events and communications that led up to the filing of the suit. According to the ***Journal*** article, Don Reilly, an Eckerd pharmacist, had complained since 2000 to federal and state authorities that he believed Eckerd **was** overcharging for its drugs. See *Journal* at 2. He was contacted by Terrence Warzecha, an analyst who works for Rocker Partners, a New York hedge fund, who asked Mr. Reilly to talk to Eric Camil, **a** private investigator known to work with law firms that file class-action securities litigation. While it is not clear from the article whether Mr. Reilly spoke to the investigator, there is no doubt Mr. Reilly was repeatedly contacted by a Clifford Murray, a doctor-turned-analyst with the Boca Raton office of KSH Investment Group, Inc., (KSH), a broker-dealer based in Great Neck, New York. *Zd.*

According to Mr. Reilly, Dr. Murray contacted him some "**30** to 40 times" to update Mr. Reilly on the timing of **the** filing of the **class** action suit against Eckerd. *Journal* at **3.** According to Mr. Reilly, Dr. Murray **was** "communicating with the lead plaintiffs' lawyer in the Eckerd **suit** before it **was** filed." Dr. Murray's office denies that he had advance knowledge of the suit, and claims that he "didn't talk to the lead lawyer until after the suit's filing." *Id.* The **SEC** needs to find out the truth of this assertion.

The lead lawyer was Paul Paradis of the New York class-action **law** firm of Abbey Gardy, LLP. According to the *Journal*, Mr. Paradis "didn't reply to questions about what prompted his interest in the Eckerd case or whether he discussed a possible lawsuit with short-sellers or other investment pros before filing it." *Journal* at 3. The SEC needs to ask Mr. Paradis these same questions.

The lawsuit was date-stamped at 3:59 p.m. on Friday, February 1, 2002, which is just one minute before the close of the market for the week. Jeff Sultan, the head of the local **KSH,** told the *Journal* reporter that **his** aide waited "a good **part** of the **day**" at the courthouse to get a copy of the suit, suggesting that he had pre-filing information that the suit would be filed that day. But he later said he was mistaken, claiming that he sent a messenger to get the filing on the following Monday morning. Mr. Sultan claims that neither Dr. Murray nor KSH sold Penney's stock short. But when "[a]sked why, in that case, Dr. Murray spent so much time talking to the pharmacist [Mr. Reilly], and whether the broker-dealer had been advising clients to short the stock, Mr. Sultan didn't respond." *Id.* The **SEC** needs to find out the answer to that question.

The *Journal* article also quoted David Rocker as stating that his fund opened "its sole short position in Penney shares on the day the suit was filed, adding to it in the following weeks." When asked by the *Journal* reporter if he had advanced knowledge that the suit was going to be filed or if he opened the short position prior to 3:59 p.m. when the suit **was** actually filed, Mr. Rocker was reported as saying, "I honestly don't know." The SEC needs to get an answer to that question.

In March 2002, a month after the original lawsuit was filed, the *Journal* further reported that Dr. Murray called the Eckerd pharmacist "to say he needed the documents [regarding possible overcharging] quickly." Those Eckerd documents subsequently showed up as exhibits to the first amended complaint filed in April 2002. **If** this is true, it suggests that Dr. Murray was indeed in contact with the plaintiffs' lawyers in the case.

By the time the amended suit was filed in April 2002, J.C. Penney stock dropped further, totaling **32** percent since mid-November 2001. In addition, short-selling activity in the stock rose 43 percent between January 15 and February 15, 2002. **A** subsequent investigation by the Florida Attorney General's office concluded that Eckerd did not overcharge for its drugs.

Based on this report, WLF filed a complaint with the **SEC** on January **22,** 2003, requesting that the SEC investigate the matter and to bring appropriate enforcement action. If no SEC violations occurred, WLF also asked the **SEC** to inform us and the public of this result, in order to determine whether additional SEC regulations may need to be promulgated or additional legislation enacted to prevent such activity. The SEC acknowledged the receipt of our complaint by sending us a form letter that indicated that unless a public enforcement action were filed, **we** may never know what the **SEC** has done with our complaint. For all we know, the SEC may have closed the file in the case or is just letting it sit there without any active investigation. We did forward a copy our complaint to the Department of Justice which has recently informed us that it has turned the material over to the Federal Bureau of Investigation as part **of** the Corporate Fraud Task Force.

The important question that **we** have raised by the filing of our complaint is whether the selective disclosure of the timing of the filing of a lawsuit violates any SEC law or regulation. Some have suggested that since there were no falsehoods or misrepresentations about the timing of the lawsuit, there was no fraud or improper market manipulation. We want to emphasize that we do not know whether any of the conduct described in the *Journal* article violated any SEC law or regulation. However, we would think that at a minimum, factual information, including trading, telephone, and computer records, should be obtained and examined. For all we know, an investigation may reveal that short sellers or their agents provide class action attorneys with potential damaging information about a company with the understanding that if the attorneys decide to use that information as a basis for a lawsuit, the short sellers will get a "heads up" as to when the suit will be filed.

One SEC regulation that should **be** relevant to any inquiry into this kind of relationship between plaintiff's attorneys and short sellers is Rule 10b-5 (17 C.F.R. § 240.10b-5). Rule 10b-5 generally prohibits traditional or classical "insider" trading **as** well **as** "misappropriation" of material infomation that is confidential and nonpublic. ***See generally*** *United **States** v. O'Hagan*, 521 U.S. ***442*** (1997). SEC Rules 10b5-1 and 10b5-2, promulgated in 2000 also may be relevant.

As one court described it, the "[m]isappropriation theory is targeted at 'outsider' trading, i.e., breaches that do not involve a duty to the traded company and **its** shareholders." *United States v. Kim*, 184 F. **Supp.** 2d 1006, 1012 (N.D. Cal. *2002).* Thus, in a classical insider trading case, an insider with material nonpublic information about the company has either traded on the information, or has tipped a friend or outsider with the information who has traded on the information. However, if someone not affiliated with the company nevertheless possesses material nonpublic information about the company, breaches a duty of trust or confidence, and trades on **that** information or allows others to do so, a case could **be** made under *O'Hagan* for insider trading.[2]

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[2] For an excellent discussion of the judicial development of the *O'Hagan* "misappropriation" theory by the Supreme Court and lower courts, see **A.**C. Pritchard, United States v. O'Hagan: ***Agency** Law and Justice Powell's Legacy for the Law of **Insider***

There can be no doubt, however, that attorneys have a fiduciary relationship with their clients, including those in a class action case. The attorney is an agent of his or her client who is the principal. There can also be no doubt that the filing of a multimillion dollar class action lawsuit adversely affects the price of the stock of the targeted company. Consequently, the timing of the filing of such a suit is material nonpublic information that is confidential between the lawyer and the client. Until the suit is filed, the client is free to discharge his or her attorney, or to decide not *to* file the suit at the last minute. The bottom line is that an attorney is not permitted to divulge filing information with short sellers without the express permission of the client.

Selectively sharing pre-filing information about the suit, and the timing of its filing, can be extremely valuable to those who engage in short-selling. As reported, allegations of overcharging had been circulated by Mr. Reilly for quite some time before the suit was filed without any significant damage to the value of J.C. Penney's stock. But the actual filing of the suit, an act almost totally within the control of the plaintiff's attorney, is itself the "bad news" that affects the price of the stock, over and above the merits of the underlying allegations. Attorneys who have practiced in this area have told us that the J.C. Penney case is not an isolated case. But only the SEC can determine the full extent of the practice, and only the SEC can take the necessary steps to prevent this kind of short-selling from taking place. The committee should demand that the SEC do so or explain to the committee why it will not undertake the necessary measures to curb this kind of short selling activity.

In addition to this kind of relationship between trial lawyers and short sellers, we would also like to bring to the committee's attention yet another tactic that has the effect of downgrading the value of a company's stock. For example, in late September 1999, the share value of national Health Maintenance Organizations (HMOs) lost over $12 *billion* in stock value in a single day following news of class action lawsuits by a consortium of plaintiffs' lawyers against the companies. ***See*** David Segal, *Tag-Team Lawyers Make Business Blink: HMOs Latest to Grapple With Threat of Investor-Scaring Mega-Verdicts,* Wash. Post, Nov. 12, 1999 at A1. According to the Segal article, "By leveraging the might of the stock market, these legal collectives [of plaintiffs' lawyers] are altering the balance of power in the never-ending battles between trial lawyers and the companies they sue." ***Id.*** at 1.

Professor George Priest of Yale Law School summarized the power that the filing of these suits have on a company's share price when he stated, "It's the fear of the nuclear-bomb verdict that gives leverage to plaintiffs' lawyers to make threats and play off a company's stock price. . . . Jury verdicts nowadays can put companies out of business." ***Id.*** The Segal article also noted another method used by trial lawyers to use Wall Street to depress the price of the stock of a targeted company.

Trading, 78 B.U.L.Rev. 13 (1998).

> In the HMO suits, Wall Street is playing its most prominent role to date. One lawyer. . . Richard **Scruggs** of Mississippi, has taken the unusual step of meeting with key HMO analysts at Morgan Stanley Dean Witter and Prudential Securities and even participated in a conference call with dozens of institutional investors.

Id. at 2. According to the article, **Scruggs** was quoted as saying, "**If** HMO investors are smart, they'll lean on their companies to **see** if we can work something out [to settle the class action **lawsuits].** *Id.* at 4. Some industry targets view these tactics to force settlements with alarm. According to Aetna's chief executive Richard L. Huber, "In one day, more than $10 billion in American savings **was** vaporized just by the bark of the wolf. The brazenness is astounding," *Id.* at 2.

Clearly these discussions with analysts and institutional investors can have, and do have, **a** significant impact on the price of the stock of the targeted company or industry. Just as clearly, it would be in the public interest for the entire investment community, including the targeted company, to **be** notified ahead of time of these communications and be afforded an opportunity to participate in these heretofore one-sided and biased communications. Consequently, as noted, WLF filed a Petition for Rulemaking with the SEC on March 24, 2003, to devise a disclosure **rule** that would require trial attorneys to give pre-notification *to* the SEC and the public of discussions with analysts, short sellers, and others about potential or pending lawsuits. The petition is pending before the SEC.

Conclusion

WLF appreciates the opportunity to present its views on this important topic to the committee. **We** look forward to working with the committee and its staff, as well **as** with the SEC and other regulatory and enforcement entities or agencies, to restore investor confidence and integrity in the securities markets by curbing abusive trading practices fostered by trial lawyers.

Thank you.

Daniel J. Popeo
Chairman and General Counsel

Paul D. Kamenar
Senior Executive Counsel

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Date: May 22, 2003

THE WALL STREET JOURNAL.

Article 1 of 6

Sowing Doubt:
Battering Penney,
A Lawsuit Served
Short-Sellers Well

Investors Helped to Pursue
Claim That Eckerd Unit
Had Overbilled for Drugs

In Search of a Lead Plaintiff
By David Armstrong and **Ann** Zimmerman

01/07/2003
The Wall Street Journal
Page A1

Shirley **Minsky** was observing the seven-day Jewish mourning period for her husband last January when a family friend called not to offer his condolences, but to get information. He wanted to know if she used a prescription eyedrop called Xalatan.

Mrs. **Minsky** , a 77-year-old in Fort Lauderdale, Fla., says she was too upset to talk to the caller. She says the caller did **speak** to her daughter, though, and told her the pharmacy might have been overcharging for Xalatan. **He** asked for some information from her prescription label, Mrs. **Minsky** says.

A week later, a civil lawsuit accused Eckerd Drug Stores of widespread overcharging for prescription drugs. On behalf of Eckerd customers, the suit demanded $100 million in damages. It had one named plaintiff: Mrs. **Minsky** .

She says she never talked to any of the lawyers who filed the litigation. In fact, **she** didn't even hear about the suit, Mrs. **Minsky** says, until a neighbor read about it in a newspaper and told her.

"They made **up** the whole damn story," Mrs. **Minsky** says of the plaintiffs' lawyers. "I am ashamed to go back to Eckerd's . . . . What kind of person would do this to me? It's awful."

Four law firms that filed the suit declined requests to discuss it, although one lawyer, Paul Paradis, contends he did have Mrs. **Minsky** 's authorization to sue Eckerd on her behalf.

The suit -- with a new plaintiff inserted after Mrs. **Minsky** complained -- has made little progress since it was filed 11 months ago. The Florida attorney general closed an investigation sparked by the suit, after finding no evidence Eckerd had overcharged. The lawsuit, however, had one distinct effect: It knocked down the shares of J.C. Penney Co., owner of the Eckerd chain. Painful for shareholders, this drop rewarded another group of investors -- short-sellers, the people who bet on stock declines.

Short-sellers naturally take an interest in and investigate any reports that might cause a stock to **fall.** Sometimes they go further. The Eckerd case offers a window into a subculture of short-sellers and class-action law firms where negative reports about companies are often seized upon and circulated, to the detriment of the companies or their stocks. Among the players in this **case** was Martin Lacoff, a consultant to class-action law firms and **the** family friend who called Mrs. **Minsky** .

The shorts' story begins in November 2001, when an investment analyst heard a tip that an Eckerd pharmacist in Deltona, Fla., was saying he had evidence of fraud by his employer. The analyst, Terrence Warzecha, works for Rocker Partners, a New York hedge fund, or private investment pool, that is known for often taking short positions. **Mr.** Warzecha says he began calling Eckerd drugstores in the Deltona area.

At one store, druggist Donald Reilly answered the phone. "Are you the whistleblower?" Mr. Warzecha asked.

For several years, in fact, Mr. Reilly had been voicing suspicion that Eckerd was overcharging customers who received certain quantities of liquid and cream prescriptions. He based this on his reading of drug labels and computer screens, which seemed to show Eckerd getting paid for more medicine than it dispensed. In 2000, Mr. Reilly wrote to the Food and Drug Administration, which referred the complaint to the Florida Board of Pharmacy. He also faxed documents to state and federal Medicaid investigators and to the state insurance-fraud bureau, all without apparent result. Mr. Reilly says he has never sold Penney's shares short.

When Mr. Warzecha of Rocker Partners called, Mr. Reilly says he eagerly shared documents copied from an Eckerd store. The analyst "seemed to be very excited," **Mr.** Reilly says. "He would say this is going to kill them. This will be very detrimental. This will cost them money."

Mr. Warzecha says he can't recall specifics of his talks with Mr. Reilly but says he believed the pharmacist had uncovered massive fraud. "Don was morally outraged as to what he saw or found and when he conveyed to me the information, I was likewise morally outraged," Mr. Warzecha says.

The Rocker Partners analyst, asked if he had a role in unearthing allegations later made in the lawsuit against Eckerd's corporate owner, says, "I did a lot of the initial work. We were interested in it as short-sellers and how big the fraud was and would it have a meaningful impact." (Short-sellers borrow shares and sell. them, hoping to replace them later after their price has fallen.)

As early as November 2001, some investors who follow Penney began hearing rumors of a possible lawsuit or government action against its drugstore division. Penney's share price began to slide in the middle of that month.

In December 2001, Mr. Reilly says, Mr. Warzecha asked him to talk to Eric Camil, a **private** investigator known by hedge-fund managers for his work with law firms that file class-action securities litigation. Mr. Warzecha says Rocker Partners didn't **pay** Mr. Camil.

Eckerd, the country's fourth-largest pharmacy chain, was an enticing potential target for short-sellers. It had just agreed in mid-2001 to pay $1.2 million to resolve a 1996 federal criminal investigation for allegedly billing Medicaid full amounts on prescriptions only partly filled. Eckerd neither admitted nor denied those charges.

Penney Chairman Alan Questrom says he heard the overcharging rumors in December 2001 from a banker who cited Rocker Partners as his source.

By January 2002, says Mr. Reilly at Eckerd, his home phone number was widely known among short-sellers. The pharmacist says an especially frequent caller was Clifford Murray, a doctor-turned-analyst at the Boca Raton **office** of KSH Investment Group Inc., a broker-dealer based in Great Neck, N.Y.

The pharmacist says Dr. Murray called 30 to 40 times, sometimes updating Mr. Reilly on the progress toward filing the suit and what the timing might be. Mr. Reilly adds that Dr. Murray frequently admonished him never to reveal their conversations. After a reporter contacted Dr. Murray recently, the doctor left a message on Mr. Reilly's answering machine saying, "I don't know what you have done or said. . . . I don't want this to turn ugly."

The head of KSH's Boca Raton office, Jeff Sultan, says Dr. Murray "does not recall" leaving such a message.

The pharmacist says Dr. Murray indicated he was communicating with the lead plaintiffs' lawyer in the Eckerd suit before it was filed. Mr. Sultan responds that the analyst didn't have advance knowledge

of the suit and didn't talk to the lead lawyer until after the suit's filing.

That lead lawyer was Mr. Paradis, who is with a New York class-action law firm called Abbey Gardy LLP. Mr. Paradis didn't reply to questions about what prompted his interest in the Eckerd case **or** whether he discussed a possible lawsuit with short-sellers or other investment pros before filing it.

The suit was filed at 3:59 p.m. on Friday, Feb. 1, **a** clerk's stamp at the Fort Lauderdale courthouse shows. Mr. Sultan of KSH says he had sent an aide to the courthouse to pick up a copy on the day of the filing. The aide had to wait "a good part of the day" for it to be filed, he says, and "it was after 4 p.m. that he got his hands on a copy of the suit."

Mr. Sultan says KSH didn't have any advance knowledge of the suit. Asked why he sent an aide for a **copy** of it hours **ahead** of time, Mr. Sultan said he believed there had been a news report indicating it would be filed. If there was such a report, Eckerd says it didn't know about it. Later, Mr. Sultan said he had been mistaken and actually didn't send a messenger until the Monday after the filing. He produced a courthouse receipt for lawsuit photocopies obtained the following Monday.

Mr. Sultan said neither Dr. Murray nor KSH was ever short Penney's shares. Asked why, in that case, Dr. Murray **spent** so much time talking to the pharmacist, and whether the broker-dealer had been advising clients to short the stock, Mr. Sultan didn't respond.

A week before the suit's filing, on **a** day when Penney's stock was down, public television's "Nightly Business Report" said a Penney spokesman mentioned an "unconfirmed rumor" that Eckerd had overcharged Medicaid. Penney issued a formal denial of the rumor the next day. By that time, its stock **was** down about 15% from the price when the rumors began two months earlier. Short-sellers' activity in the stock rose 43% between Jan. 15 and Feb. 15, New York Stock Exchange data show.

Penney's shares fell further in the week following the filing of the suit on Feb. 1. They took another hit in April when plaintiffs' lawyers amended the suit, raising the damage estimate to "at least several hundred million dollars." The amended suit added three dozen more drugs for which it said Eckerd had overbilled.

Mr. Reilly says he provided documents for exhibits about those drugs in the amended complaint. The pharmacist says he did this at the request of KSH's Dr. Murray, who, the pharmacist says, called in March *to* say he needed the documents quickly.

By then, Penney shares had fallen 32% from the mid-November prerumor price. Stocks in general were rising at the time, and sales and profitability were improving at both Penney and its Eckerd unit, which is the source of 40% of Penney's revenue. "The rumors of litigation and the suit brought the stock down drastically," says Dan Barry, a Merrill Lynch retail analyst who follows Penney.

At Rocker Partners, founder David Rocker says the fund opened its sole short position in Penney shares on the day the suit was filed, adding to it in the following weeks. Asked if he knew the suit was going to **be** filed on that day or if he opened the short position **prior** to the 3:59 p.m. filing of the suit, Mr. Rocker says, "I honestly don't know."

Mr. Rocker says he gradually closed out the short position, eliminating it in May. He won't say how big the position was or how the hedge fund did on it.

He says there was no organized effort to drive down Penney shares. "You may have thought this was done with shorts talking to each other and creating a story, and I want to disabuse you of this notion," Mr. Rocker says. "People talk, but it is no different than what happens on the long side" -- that is, among those who bet on shares to rise.

Mrs. **Minsky** , the woman the suit listed as plaintiff, says she had never spoken to Mr. Paradis or any of the other plaintiffs' lawyers involved. Mr. Paradis, while declining to answer several questions about the case, said, "We clearly had Mrs. **Minsky** 's consent and authorization to represent her and file a lawsuit against Eckerd."

Mr. Lacoff, the family friend who called to learn whether Mrs. **Minsky** used eyedrops sold by Eckerd, lives in Boca Raton. **A** mansion he owns in Greenwich, Conn., was rented to Martin Frankel, the reclusive financier who looted small Southern insurance companies, fled and **was** nabbed in Germany. Mr. Lacoff s Capital Markets Legal Consulting Inc. helps identify targets for firms that file class-action lawsuits.

His wife, Cheryl Rona Lacoff, **has** been a plaintiff in two such suits, including one against the publishers of "The Beardstown Ladies' Common-Sense Investment Guide," **a** suit that said the book misstated the ladies' investment return. The suit was her husband's idea, according to plaintiffs' lawyer Oliver Koppell.

Mr. Koppell, a former New York state attorney general, says he pays Mr. Lacoff a monthly consulting fee to come up with case ideas. "He is very inventive and creative," Mr. **Koppell says.** "He has brought me many ideas. Sometimes friends are involved. Sometimes he comes up with an idea with a plaintiff." Mr. Koppell and Ms. Lacoff lost their Beardstown Ladies suit in New York but joined **up** with lawyers who were pursuing a similar action in California. In that state, the lawyers eventually agreed to a settlement. Buyers of the book got another book free from the publisher, while several law firms shared a $1.4 million fee.

The Eckerd lawsuit, filed in Broward County, Fla., Circuit Court, alleged that Mrs. **Minsky** 's Xalatan package contained 2.5 milliliters of the eyedrops, but that the label said 3 milliliters. Eckerd had "rounded up" the amount and charged her and others for too much medicine, the suit asserted.

The practice of rounding up label amounts dates from the 1970s, when it was instituted to save computer memory by eliminating decimal points. Most major drugstore chains did it, but all say they charged the correct price, and some later stopped the rounding-up. Eckerd began phasing out the practice in 2001, before the suit **was** filed.

Eckerd says that while the amount on the label for liquids and ointments was often inaccurate, owing to rounding-up, its computers were programmed to charge the correct price.

Florida's attorney general, after investigating, concluded in July that it would have been difficult for Eckerd to overcharge private health insurers or Medicaid. That's because liquids and ointments are packaged in certain *sizes,* and the bill payers will pay only a predetermined, fixed price for these sizes. If an incorrect price is put into their payments systems, computers reject the claim. "The billing process for third parties makes it very difficult to overcharge on fractional quantities," says John Newton, Florida's senior assistant attorney general. His office also concluded it was highly unlikely Eckerd had overcharged uninsured customers who pay their own bills.

AdvancePCS, the largest pharmacy-benefits manager, said after the suit was filed that if a drugstore chain tried to submit an inflated claim, AdvancePCS's computers would catch the incorrect price and reject it.

The lawsuit against Eckerd still is pending. The case frustrates Penney's Mr. Questrom, who says that because of it, "We lost credibility with our customers, our shareholders lost a lot of money, and our pharmacists were shamed."

Mr. Reilly, the pharmacist, says he remains convinced his employer overcharged customers, but he acknowledges that the evidence he gathered isn't definitive. Mr. Reilly says Eckerd suspended him in March, with pay, accusing him of removing company documents. He says the short-sellers no longer call.

(END OF STORY)

Tag-Team Lawyers Make Businesses Blink

HMOs Latest to Grapple With Threat of Investor-Scaring Mega-Verdicts

David Segal Washington Post Staff Writer
November 12, 1999; Page A1

NEW ORLEANS -- Without even setting foot in a courtroom, Russ and Maury Herman have frightened a fortune out of the health insurance industry. The brothers and law partners have created a "national mega-firm," linking lawyers across the country to sue HMOs for a variety of alleged frauds. It's unclear whether these cases will win over judges or juries. But spooked by litigation filed by the Hermans and others, investors unloaded shares of national HMOs in a late-September frenzy, erasing $12 billion in stock value in a single day. Some of the companies have yet to recover.

"What the HMOs need is an attitude adjustment," drawls Russ Herman, the older of the pair. The sell-off highlighted a new style of legal attack that has helped plaintiffs' lawyers win record-setting sums in the past year. Once loners by nature, trial lawyers are now allying to split costs, share information and demonstrate that their pockets are deep enough for protracted war.

The strategy is giving corporate America a gang problem of its own. The key audience in these campaigns isn't the targeted companies, whose coffers still dwarf the combined bank accounts of even the wealthiest plaintiffs' firms. It is Wall Street, which in some notable cases has severely battered the share prices of corporate defendants, pushing them to the settlement table.

By leveraging the might of the stock market, these legal collectives are altering the balance of power in the never-ending battles between trial lawyers and the companies they sue.

Juries are increasingly willing to punish businesses with huge punitive-damages verdicts, angling to send messages to other players in an industry. In 1998, the top 10 verdicts awarded in the United States totaled $2.8 billion, up 375 percent over the top 10 verdicts of 1997, according to Lawyers Weekly USA. Those figures have turned courts into increasingly treacherous and unpredictable terrain for corporations.

"It's the fear of the nuclear-bomb verdict that gives leverage to plaintiffs' lawyers to make threats and play off a company's stock price," said George Priest, a professor at Yale Law School. "Jury verdicts nowadays can put companies out of business."

At the same time, a handful of judges, frustrated with the paralysis of legislatures, have been allowing plaintiffs' lawyers to try out legal theories once considered adventurous at best. The New York lawsuit that helped breathed life into what is now a multi-city assault on the gun industry, for instance, was based on a concept that other judges have rejected for years.

Some corporate lawyers now say that the legal merits of any given case are all but beside the point. What matters most is putting together a squad of lawyers big and rich enough to convince Wall Street that a company will be bogged down in courts for years.

"It's legal extortion," said Victor Schwartz, counsel to the American Tort Reform Association, a group that has lobbied for tighter limits on class-action suits. "Every CEO fears the random billion-dollar verdict and the wrath of stockholders that could bring. But when companies settle, even if it isn't on the merits, the stock will rise."

Consumer advocates and some academics contend that plaintiffs' lawyers are merely leveling a battleground that has long been tilted disastrously against them. Fortune 500 companies, they say, have for years tried to overwhelm adversaries through attrition, swamping their far smaller antagonists with reams of documents and stalling long enough to force them to the brink of bankruptcy.

"If your opponent has tremendous financial resources, you need tremendous financial resources," said Heidi Li Feldman of Georgetown University Law Center. "Until the early 1990s, the plaintiffs' bar didn't have the financial resources to compete."

Tag-team lawyering began in earnest during the tobacco wars of the 1990s and has since been refined by various practitioners. Aided by e-mail messages and CD-ROMs, for instance, an allied scrum of attorneys recently provoked American Home Products Corp. into a $3.75 billion out-of-court settlement with users of the fen-phen diet pill combination. Company executives said their willingness to deal was driven largely by the need to resuscitate the company's shares, which were nearly cut in half by investors fretting over the prospect of years of litigation.

In the HMO suits, Wall Street is playing its most prominent role to date. One lawyer who is not affiliated with the Hermans, Richard Scruggs of Mississippi, has taken the unusual step of meeting with key HMO analysts at Morgan Stanley Dean Witter and Prudential Securities and even participated in a conference call with dozens of institutional investors.

According to Scruggs, the purpose of these discussions is to educate. "In the past, nobody has communicated directly with investors about the vulnerability of their money," Scruggs explained. "Executives usually get their advice from company lawyers who tell them to fight until the last investor's dollars are spent."

Officials at Aetna Inc., a defendant in one of the suits, have a more sinister take on Scruggs's dialogue with Wall Street, describing it as part of a campaign to frighten HMOs to the negotiating table.

"In one day, more than $10 billion in American savings was vaporized just by the bark of the wolf," said Aetna chief executive Richard L. Huber, referring to the plunge taken by HMO shares after the lawsuits came to light. "The brazenness is astounding."

Billions in legal fees are spent every year by U.S. corporations defending against a dizzying variety of product-liability and personal-injury suits. To plaintiffs' lawyers, the suits **are** an invaluable **way** to hold corporations accountable for corner-cutting that harms consumers. Critics of the tort system contend these lawyers are far better **at** enriching themselves than winning justice for clients, who in some case have ended up with trifling sums while their attorneys pocket millions of dollars.

Veterans of dozens of court triumphs, the Hermans are taking joint lawyering to another level. Short, wry and ubiquitous, the brothers have built their practice courtesy of **a series** of chilling accidents, such as railroad collisions and industrial explosions. One plaque in their office heralds **a** $3.5 million settlement for an elderly woman who **was** the victim of an electric shock administered by a hand-held "personal massager."

That award began to seem like chump change **after** the brothers were hired by Louisiana's attorney general to join **a** group of lawyers participating in landmark tobacco lawsuit, **a** case that yielded a $260 billion out-of-court settlement. Two **years** ago, when the Hermans conceived a full-blown attack on **HMOs, they** concluded that the litigation would be too risky and **expensive** to go it alone.

"We're not foolish," Russ Herman said with **a** grin. "We've got families to **support.**"

They decided to launch **a** "firm of firms," **as** they call it. Enlisting **firms** in California, Georgia and Mississippi that had been co-counsels with the Hermans in previous cases, the **group** commissioned **a** study to determine where the new **firm** should be **based.** **Atlanta** got the nod because it's an air-transportation hub and home to four **law** schools, which will **make it** easier to recruit the teams of researchers the firm needs.

For help drafting a first-of-its-kind partnership agreement, **Russ** Herman called on the Washington firm of Patton Boggs, run by the Hermans' longtime family friend Tommy Boggs. After months of research and $500,000 in start-up costs, Herman, Middleton, Casey & Kitchens, as the firm is called, opened its doors in July. **The** Hermans **expect** that litigating the **HMO** cases could cost **a** total of $3 million, **and** perhaps much **more.**

Since the brothers **went** public with their plans in late September, other **firms have** filed similar actions, including a case against Humana Inc. When **news** of these suits hit Wall Street, shares of Aetna dropped 18 percent **and** a Morgan Stanley **index** of health insurance stocks **sank** by 10 percent. The Companies have since regained **some,** though hardly all, of those **losses.** Last month, the **House** of Representatives added to the **woes** of insurers by voting to broaden the rights of patients to **sue** their **HMOs.**

While success with these suits is hardly assured, the sheer magnitude of this **onslaught,** coupled with the enduring unpopularity of the **HMO** industry and the pummeling **of** insurance companies at the hands of Wall Street, could matter more than **the legal** niceties. Tobacco companies, after all, settled at **a** negotiating table rather than **duke** it out in the courts, where they prevailed for years. Public opinion **was** turning against cigarette makers, and they finally faced foes with enough cash to last through countless trials, Investors fled in droves.

In its basic outlines, that's the predicament facing managed care today.

"If HMO investors **were** smart," said plaintiffs' lawyer Richard **Scruggs,** "they'll lean on their companies to **see** if we can work something out." (END OF STORY)

WLF's Civic Communications Program publishes "In All Fairness" in the national edition of the New York Times. The op-ed feature reaches 4.2 million readers in 70 major markets, as well as a diverse group of thought leaders, decision makers, and the public.

THE NEW YORK TIMES **OP-ED** *MONDAY, MARCH 10, 2003*

IN ALL FAIRNESS

An Idiot's Guide to Class Actions

Wall Street and your stock holdings are now at the top *of* the lawsuit industry's hit list. Here's a page from the Securities Class Action Plaintiffs' Lawyers' playbook:

* Maintain large stable of gullible potential plaintiffs who won't interfere with your case. Remember, it's best not to have **a** real client.

* Create in-house consulting group to conceive seminars on how to expand opportunitites for plaintiff suits – invite hedge funds, judges and regulators – great forum to exchange "ideas".

* Have minions scour news reports for bad news about **any** company – use inventory of plaintiffs and a recycled complaint to file suit the next day. Accuse management of greed, lying, fraud, insider trading and suppressing bad news. Don't worry that you have no evidence, you can manufacture that later. Generate plenty of stories in the press.

Daniel J. Popeo
Chairman
Washington Legal Foundation

* Donate to key politicians directly, indirectly and through fronts and PACs to maintain access, stir up unwarranted investigations, generate Congressional hearings, get leaked corporate documents and secrets, circumvent discovery laws and prevent rational legal reform.

* Seek to create general impression with the public that most corporations and business people are out of control, greedy and not to be trusted.

* Drive stock price down further by press releases. Plant negative research reports, rumors and innuendo. The bigger the drop, the more the short sellers make, and, speculative damages get huge. Don't worry that the drop in stock price harms investors, pension funds and 401Ks – that only leads to more plaintiffs and higher losses to support even higher damage daims.

* Cultivate relationships with disgruntled employees to develop leaks, stolen documents and misinformation. Feed negative rumors to the media to continue downward stock price spiral.

* Attempt to blackmail the target company and coerce settlement. Structure it ***so*** no one challenges your claim for over 30% **in** fees. Be sure to make it so complicated that no class member can understand that you get the money, and they get virtually nothing.

* Cash in on asbestos, tobacco, drugs and telecom. Make plans to move on to other target industries like food, recreation, education and transportation.

* Get rich...really rich, while destroying investor confidence in the market.

* Repeat all of the above quickly...before people finally wake up and understand the suckers' game that plaintiffs' lawyers, with some help from the short sellers, are perpetrating on the public...and before the system can be reformed.

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Overlooking Stock Manipulation

With American workers and pensioners more concerned than ever about their invested life savings, politicians and media talking heads are still busy deciding who's to blame for Wall Street's doldrums. Regulators are now focused on influential analysts and investment services who they suspect play fast and loose with "hot" financial information to the detriment of unsuspecting investors.

Unfortunately, in the rush to condemn corporate insiders, lawmakers and the Administration have neglected to fully consider and review the actions of some influential *outsiders.* These new players — plaintiffs' lawyers — are heavily invested in the financial market, but they profit by devaluing, not trading, company stocks. They leverage the power of America's unpredictable civil justice system to play the financial media, and Wall Street, like a piano.

Daniel J. Popeo
Chairman
Washington Legal Foundation

Plaintiffs' lawyers excel at using the headlines generated by their mega-lawsuits to inject fear and doubt into the **market.** Shareholders and executives know that massive damage awards can randomly wreak havoc on stock prices, bond values, company reputations, and ultimately investor confidence. Even the mere threat of a lawsuit can choke off access to already scarce financial capital.

Thus, the new target audience for the plaintiffs' bar and its skillful PR efforts is not judges and juries, but Wall Street itself. Lawsuits that may never be successful in court nonetheless can pose such overwhelming threats to share value that companies are compelled to settle.

Direct pressure on key market insiders can further this lawsuit-induced anxiety. For example, one leading plaintiffs' lawyer met with institutional investors and financial analysts to discuss newly filed lawsuits. He declared to the *Washington Post*, "If investors were smart, they'll lean on their companies to see if we can work something out." Not surprisingly, the collective share value of the defendant companies plummeted $12 billion in a single day.

In their quest for profit, plaintiffs' lawyers have become oblivious to the pain their manipulative tactics inflict on the ordinary Americans they claim to represent.

Wall Street in the bull's-eye

Middle-income families and blue-collar workers were among the victims when negative verdicts sent the stock value of companies as diverse as Dow Corning, ABB, and Georgia Pacific, plummeting by 30% or more last year. Other investors and employees also paid the price recently when cascading class actions instigated a 50% drop in the stocks of one producer of life-saving drugs.

How many nest eggs have to be shattered before the SEC or other corporate crusaders connect the dots between shareholder losses and the litigation lottery, and take action? Perhaps there is also an oversight role here for the **ABA.** Investors should be guaranteed that no one inside *or* outside Wall Street should **reap** dividends by gaming the system.

If something isn't done soon, the plaintiffs' bar will turn everyone's stock holdings and retirement plans into their own personal pension fund.

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Chairman Donaldson,

What are you and the SEC doing to protect investors from plaintiffs' lawyers and short sellers manipulating the market?

Investors, employees, pensioners, and companies lose millions of dollars in stock value each year thanks to abusive class action practices. Driving down those stock prices through behind-the-scenes contacts with Wall Street analysts and short sellers is the newest weapon in plaintiffs' lawyers' arsenal. And it's all being done right under the noses of SEC regulators.

The solution: More rigorous SEC enforcement *and* reforms requiring disclosure of relationships between the plaintiffs' bar and short sellers.

Washington Legal Foundation (WLF), as part of its INVESTOR PROTECTION PROGRAM, has filed several formal complaints with the SEC asking it to initiate immediate reform. The U.S. Chamber of Commerce recently joined WLF in calling upon the Commission to investigate recent short-seller/plantiffs' lawyer manipulation.

Chairman Donaldson, you take every opportunity to tell American investors how SEC is acting to protect their interests. Yet, the Commission is overlooking a very serious, and preventable, manipulation of the market. When will the SEC make an ongoing commitment of resources to investigate the abusive relationship between plaintiffs' lawyers and short sellers?

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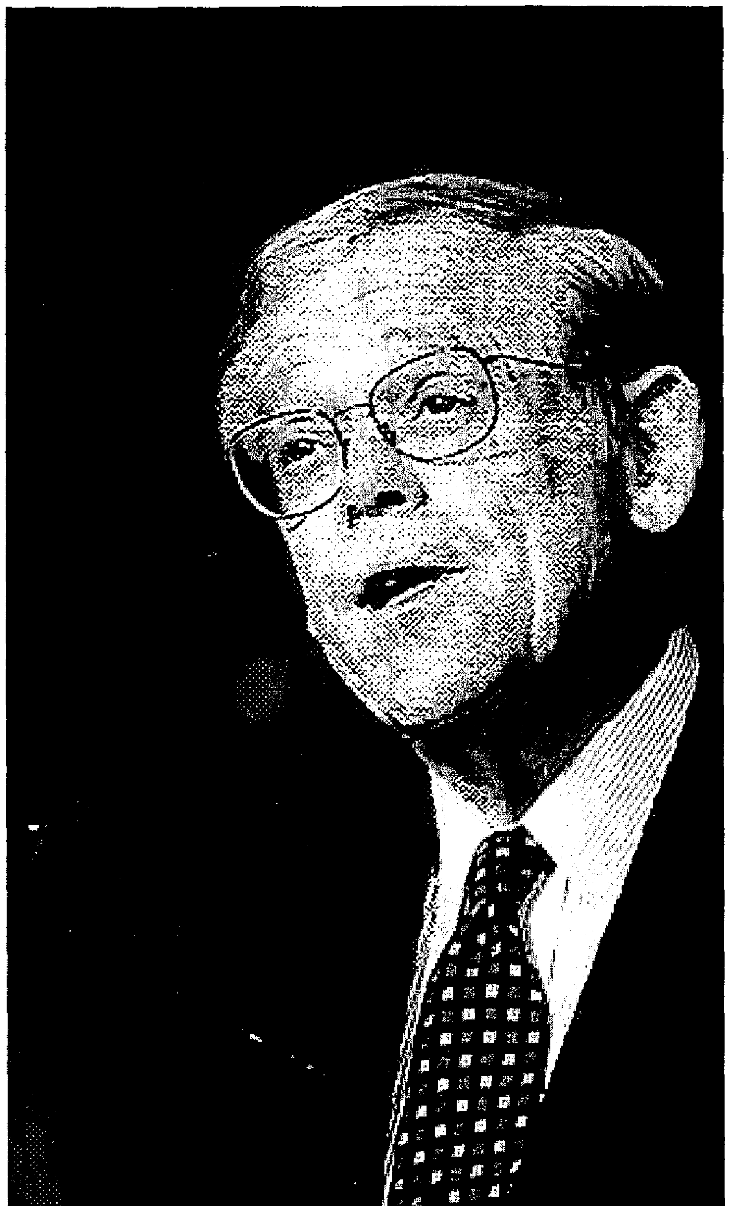
For more information about WLF's INVESTOR PROTECTION PROGRAM, visit WLF's website at **www.wlf.org**.



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