

ADMINISTRATION | April 2, 2003

Webb Strikes Out With New Hedge Fund

February 4, 2003 (PLANSPONSOR.com) - Hedge fund manager David Webb has set up a Cleveland-based hedge fund company that will specialize in buying and selling equities.

Reported by [FRED SCHNEYER](#)



According to a Reuters report, Webb hopes to raise about \$1 billion in assets for his Verus Investment Management, which also includes about two dozen of Webb's former colleagues. Webb's stock-picking prowess is credited with turning his Shaker Heights Investment Fund into one of the industry's best performers.

Dan Flanigan, Shaker's former head trader for hedge fund strategies, Brenton Luce and Bryan Moloney, both former research associates at Shaker, all joined Webb at Verus.

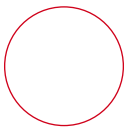
While Webb, 43, prefers to stay out of the limelight, investors know his reputation for delivering double-digit returns and are scrambling to put money with him, the Reuters report said, quoting an unnamed source. The new fund will follow Webb's old strategy of picking stocks based on factors like corporate earnings, changes in the executive suite, and news of insiders selling stock.

Last year, Webb's fund returned 12% net of fees and was ranked among the industry's top performers, according to tracking group Hedgefund.net. In 2002, the fund outperformed the average long/short equity hedge fund, which lost 1.6%, according to the CSFB/Tremont Hedge Fund Index. The average US diversified stock mutual fund lost more than 20%, according to Lipper Inc.

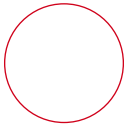
Webb did even better in previous years. In 2000, the fund returned 56.89% and in 2001 it returned 32.36%, at a time when the average stock mutual fund suffered heavy losses.

Webb is the latest in a growing group of portfolio managers, analysts and traders to strike out on their own in a fast-growing industry that is expected to balloon from its current \$600 billion in managed assets to roughly \$2 trillion by 2010, the Reuters report stated.

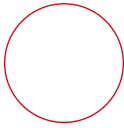
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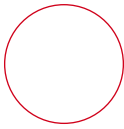
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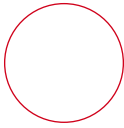
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Justices Hear Arguments in HMO Review Case

January 16, 2002 (PLANSponsor.com) - US Supreme Court justices on Wednesday quizzed lawyers for an Illinois HMO and a Chicago woman about whether state officials can legally step in for an independent review when a patient has been denied medical coverage.

Reported by [Fred Schneyer](#)



At issue is whether the Employee Retirement Income Security Act would take precedence over the laws now on the books in about 40 states.



Attorney John Roberts, representing health insurer Rush Prudential HMO, argued the Illinois law gave patients something beyond the intent of Congress. Under the Illinois law, an independent external reviewer makes a decision, which is binding and final, he said, according to a Reuters report.

“Here, it’s a new decision-maker,” said Roberts during an hour of oral arguments in Washington, D.C. “He’s (the independent medical reviewer) deciding whether the denial of benefits was proper or not.”

The Illinois law, Roberts told the justices, “changes dramatically what the plan is going to provide.”

On the other hand, plaintiff Debra Moran’s lawyer, Daniel Albers, said the Illinois law operates independently of ERISA.

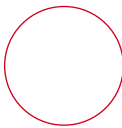
But Justice Antonin Scalia questioned whether the state would substitute a new system in deciding whether Moran received the treatment she was supposed to.

Justice Department lawyer Edwin Kneedler supported Albers. He called independent reviews “a very familiar sort of approach,” similar to getting a second opinion by another doctor.

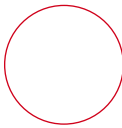
Operation Coverage

In the case before the high court, Moran sued her insurer, Rush Prudential HMO, after it refused to pay for Moran’s shoulder operation because he doctor wasn’t in Rush’s plan.

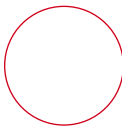
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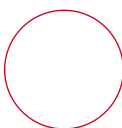
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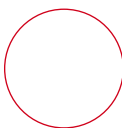
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the surgery was medically necessary. WellPoint Health Networks Inc. bought the Rush health plan in 2000.

A U.S. appeals court in Chicago ruled the external review provisions were not preempted by ERISA — a position taken by the U.S. Labor Department The justices could issue their ruling as early as this spring.

Reported by [Fred Schneyer](#)
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