

# Juniper Networks to pay \$169M in backdating suit

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(AP) -- Juniper Networks Inc. has agreed to pay \$169 million to settle a 4-year-old lawsuit over mishandled stock options.

The penalty is huge for Juniper - it's more than half the network-equipment company's total profits from last year - and represents one of the biggest settlements of its kind.

A furor over "backdating," which refers to an accounting practice in which the dates and amounts on employee stock-option awards are changed to boost the recipients' windfalls, erupted about five years ago, leading to investigations of dozens of companies, criminal charges against executives, and numerous shareholder lawsuits.

Shareholders claim stock prices were harmed by the executives' financial shenanigans, which falsely depressed their companies' expenses and inflated their profits.

The [settlement](#) was reached this week by lawyers for Juniper and the lead plaintiff, a group of New York City pension funds that had invested in Juniper.

New York City Comptroller John Liu said the settlement signals that executives can't "play by their own rules behind closed doors."

The settlement must be approved by a federal judge in San Jose.

Juniper declined to comment.

In 2007, Juniper settled Securities and Exchange Commission charges over its options practices. The company did not admit wrongdoing and did not have to pay a fine.

The commission alleged that Juniper drastically understated its expenses in a scheme executed "unilaterally" by Juniper's general counsel, Lisa Berry. The SEC accused Berry of backdating most Juniper options grants from mid-1999 to mid-2003, and created records of meetings that never occurred, during which the options were supposedly approved.

Berry was charged by the SEC for her role in Juniper's options practices as well as at her previous employer, KLA-Tencor Corp., where she held the same job. That case is still pending.

Berry's lawyer referred inquiries to Juniper's outside counsel, who did not return calls.

The company has already paid dearly for the problem. It took \$894.7 million in pretax charges for the years 1999 to 2005 to account for numerous grants that carried incorrect dates and were designed to boost the potential windfall for the recipients.

Other major backdating settlements include: a \$925 million settlement involving managed care company UnitedHealth Group Inc. in 2008, a \$225 million settlement involving communications company Comverse Technology Inc., and chip maker Broadcom Corp.'s \$160 million settlement, both of which occurred last year.

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