

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 62238 / June 8, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-13926

In the Matter of

Jay Lapine, Esq.

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO RULE 102(e) OF THE
COMMISSION'S RULES OF PRACTICE,
MAKING FINDINGS AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Jay Lapine ("Respondent" or "Lapine") pursuant to Rule 102(e)(3)(i) of the Commission's Rules of Practice.¹

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, ...suspend from appearing or practicing before it any...attorney...who has been by name...permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

proceedings, and the findings contained in Sections III(1), (3) and (5) below, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Lapine, age 59, is and has been an attorney licensed to practice in the States of Texas and Ohio. In 1997, Lapine became Vice President, General Counsel and Assistant Secretary of HBO & Co. (HBOC). He became General Counsel of the Information Technology (former HBOC) unit of McKesson HBOC, Inc. following the January 1999 merger of McKesson Corporation with HBOC. He held this position until June 21, 1999. Lapine is currently employed as General Counsel by a wholly-owned United States subsidiary of a foreign corporation whose securities are not traded on a United States exchange.

2. McKesson Corporation has been, at all relevant times, a leading healthcare supply and software company with executive offices in San Francisco, California. At all relevant times, its common stock was registered pursuant to Section 12(b) of the Exchange Act and was listed on the New York Stock Exchange. In January 1999, McKesson merged with HBOC, then the largest supplier of management software for hospitals and other health care providers, whose common stock was registered pursuant to Section 12(g) of the Securities Exchange Act of 1934 ("Exchange Act") and was listed on the NASDAQ National Market. McKesson became McKesson HBOC, Inc., which operated HBOC as a wholly-owned subsidiary unit. Later, McKesson HBOC reverted to its pre-merger name of McKesson Corporation.

3. On September 27, 2001, the Commission filed a complaint against Lapine in the United States District Court for the Northern District of California, *SEC v. Lapine*, No. C-01-3650.

4. The Commission's complaint alleged, among other things, that Lapine participated in two major transactions that were part of a larger fraudulent scheme by HBOC and McKesson HBOC executives to inflate software revenue in violation of Generally Accepted Accounting Principles by using concealed side letters and backdated contracts from January 1998 through the first quarter of 1999. The complaint further alleged that Lapine falsified documents and circumvented internal accounting controls and that he aided and abetted these violations by HBOC and McKesson HBOC as well as aided and abetted the companies' failure to maintain accurate books and records and HBOC's filing of materially false periodic reports with the Commission.

5. On March 1, 2010, the United States District Court for the Northern District of California entered a final judgment by consent against Lapine, permanently enjoining him from violating Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(5) of the Exchange Act and Rules 10b-5, 12b-20, 13a-13 and 13b2-1 thereunder, and from aiding and abetting the violations of Sections 13(a), 13(b)(5) and 13(b)(2)(A) of the Exchange Act and Rules 12b-20, 13a-13 and 13b2-1 thereunder. Lapine was also ordered to pay a \$60,000 civil penalty and was prohibited for a period of five years from acting as an officer or director of any issuer that has a class of securities

registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent's offer.

Accordingly, it is hereby ORDERED, effective immediately, that Lapine is suspended from appearing or practicing before the Commission as an attorney for five years. Furthermore, after five years from the date of this Order, Lapine has the right to apply for reinstatement by submitting an affidavit to the Commission's Office of General Counsel truthfully stating, under penalty of perjury, that he has complied with this Order, that he is not the subject of any suspension or disbarment as an attorney by a court of the United States or of any state, territory, district, commonwealth or possession, and that he has not been convicted of a felony or misdemeanor involving moral turpitude as set forth in Rule 102(e)(2) of the Commission's Rules of Practice.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Public Administrative Proceedings Pursuant To Rule 102(e) of the Commission's Rules of Practice, Making Findings and Imposing Remedial Sanctions ("Order") on the Respondent and his legal agents.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
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