

# Cordray Recovers Millions of Ohio Dollars from AIG

4/7/2010

(COLUMBUS, Ohio) — Ohio Attorney General Richard Cordray announced today that American International Group (AIG) has agreed to pay \$9 million to settle a lawsuit alleging violations of the state’s antitrust laws. As a result, 26 public entities throughout the state—including universities, schools and cities—will receive reimbursements as part of the settlement.

AIG, the world’s largest insurance company, is alleged to have conspired with insurance broker Marsh & McLennan and other insurers to eliminate competition in the commercial casualty insurance industry. The state’s complaint, filed in Cuyahoga County Common Pleas Court, alleges that the insurers and Marsh agreed to provide customers with fictitious quotes creating the false impression that competitive bidding had produced the best possible price, during a period extending from 2001 to 2004.

“The scam in play here is yet another example of the all-consuming corporate greed that has been so prevalent on Wall Street,” Cordray said. “This scheme caused premiums to go up and ultimately cost Ohio public schools, universities, pension funds and others millions of dollars. While this is a good settlement for Ohio, we’re not done. We will continue to aggressively pursue our claims against the remaining defendants in this case.”

Within the next month, more than \$3 million of the settlement will be distributed to the 26 public entities represented in this case. Approximately \$4 million will be put aside in a fund that will be distributed by the court once the antitrust case has been completely resolved.

The public entities represented by the Ohio Attorney General in this case are:

• Bowling Green State University	\$39,642
• Central State University	\$5,357
• City of Cincinnati	\$207,661
• City of Hamilton	\$8,542
• Cleveland Municipal Schools	\$140,738
• Cleveland State University	\$19,854
• Columbus Regional Airport Authority	\$209,444
• Dayton Public Schools	\$118,388
• Franklin County Convention Facilities Authority	\$39,411
• Hamilton County	\$43,973
• Hocking Technical College	\$56,319
• Kent State University	\$8,356
• Montgomery County	\$75,110
• Northeastern Ohio Universities Colleges of Medicine	\$2,291
• Ohio Highway Patrol Retirement System	\$1,699
• Ohio Public Employees Retirement System	\$383,834

• Ohio Turnpike Commission	\$156,395
• Ohio University	\$72,814
• Rickenbacker Port Authority	\$16,460
• School Employees Retirement System of Ohio	\$74,468
• The Ohio State University	\$1,235,787
• Toledo Public Schools	\$139,660
• University of Akron	\$8,692
• University of Cincinnati	\$109,168
• Wright State University	\$43,551
• Youngstown State University	\$27,372

Each entity will receive 10% of what was paid in commercial casualty insurance premiums brokered through Marsh from 2001-2004.

Additional funds from this settlement will be distributed as follows:

\$805,000 to the state's Antitrust Revolving Fund for antitrust enforcement.

\$850,000 to the Ohio Attorney General for litigation costs.

\$100,000 to the Ohio Department of Insurance for investigative costs.

AIG continues to deny wrongdoing. The case will continue against defendants Marsh & McLennan, ACE American Insurance Company, The Chubb Corporation and Hartford Financial Services Group. Cuyahoga County Common Pleas Judge John J. Russo is presiding.

### **Holding Wall Street Accountable**

Today's settlement is the most recent resolution in a series of lawsuits being handled by Cordray's office as a result of wrongdoing on Wall Street that cost Ohioans billions of dollars.

In addition to this antitrust case against AIG, Cordray is representing several Ohio public pension funds as lead plaintiff in class-action securities fraud litigation against AIG. The case seeks to recover millions in pension dollars lost as a result of alleged anti-competitive practices, such as market division through the use of undisclosed contingent commissions and bid-rigging, as well as alleged accounting fraud. Today's antitrust settlement is entirely separate from that securities lawsuit, the prosecution of which remains on-going.

The Attorney General's office has reached very favorable settlements since October 2008 with several secondary defendants in the securities fraud case, including a \$72 million settlement with General Reinsurance Corporation; a \$97.5 million settlement with AIG's auditors, PricewaterhouseCoopers; and a \$115 million settlement with former AIG CEO Hank Greenberg and certain related defendants, for a total of \$284.5 million. The main defendant left in the securities case is AIG itself.

Attorney General Cordray's fight to hold Wall Street accountable now includes eight major securities fraud lawsuits, which have recovered more than \$2 billion to date.

Recent settlements include \$400 million with Marsh & McLennan; \$475 million with Merrill Lynch; and the cancelling of \$922 million in improperly granted stock options to corporate executives at United Health Care. Attorney General Cordray continues to represent the Ohio public pension funds in several major securities cases, including a lawsuit against national rating agencies Standard & Poor's, Moody's and Fitch and class-action securities lawsuits against Bank of America, Fannie Mae and Freddie Mac.

To view the settlement agreement in full, visit  
[www.OhioAttorneyGeneral.gov/AIGAntitrustSettlement](http://www.OhioAttorneyGeneral.gov/AIGAntitrustSettlement).