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9 Of Counsel; **Larry Klayman, Esq.**  
10 Chairman and General Counsel  
11 Freedom Watch, Inc.  
12 (Subject to Pro Hac Vice Entry)

13 Attorneys for the Plaintiff

14 **IN THE UNITED STATES DISTRICT COURT**  
15 **CENTRAL DISTRICT OF CALIFORNIA**

16 Jacqueline Williams in the Right of )  
17 and for the Benefit of American )  
18 International Group and herself and )  
19 other Shareholders Of the Class )

20 Plaintiffs, )

21 v. )

22 EDWARD M. LIDDY, )  
23 ROBERT B. WILLUMSTAD, )  
24 MARTIN J. SULLIVAN, )  
25 MAURICE R. GREENBERG, )  
26 PAULA R. REYNOLDS, )  
27 WIN J. NEUGER, EDMUND S.W. TSE, )  
28 LOUIS P. IGLESIAS, JOSEPH BOREN, )  
ANASTASIA D. KELLY, )  
MORRIS W. OFFIT, MICHAEL SUTTON, )  
RICHARD C. HOLBROOKE, )  
JAMES ORR III, MARTIN FELDSTEIN, PH.D., )  
VIRGINIA ROMETTY, )  
STEPHEN BOLLENBACH )

CASE NO.

CLASS ACTION  
VERIFIED DERIVATIVE  
AND SHAREHOLDER  
COMPLAINT

JURY TRIAL DEMANDED

1 SUZANNE JOHNSON, )  
2 DENNIS DAMMERMAN, AND )  
3 AMERICAN INTERNATIONAL GROUP )  
4 Defendants. )

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5 **VERIFIED SHAREHOLDER DERIVATIVE AND SHAREHOLDER COMPLAINT**

6 Plaintiff, by its attorneys, submits this Shareholder Derivative Complaint (the "Complaint")  
7 against the Defendants named herein.  
8

9 **STATEMENT OF THE FACTS**

10 1. Plaintiff brings this shareholder derivative and shareholder action on behalf of American  
11 International Group ("AIG" or the "Company") against certain of its current and former officers  
12 and directors for breach of fiduciary duty, gross mismanagement, corporate waste and violations  
13 of section 14(a) and 14(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). From  
14 December 8th, 2000 to the present (the "Relevant Period"), the Defendants, acting in concert,  
15 jointly and severally, have seriously undermined and damaged AIG's financial health and  
16 valuable past reputation by systematically causing and/or permitting the Company to engage in a  
17 litany of highly risky, detrimental and reckless business dealings, activities and transactions that  
18 have caused the Company to verge on bankruptcy and which have required in excess of \$190  
19 billion dollars to date of government provided monies to prevent total Company failure.  
20

21 2. Because of negligence, gross negligence, recklessness, and mismanagement and/or  
22 intentional misconduct by each of the Defendants , acting in concert, jointly and severally, the  
23 Company has lost and squandered over \$200 billion dollars in shareholders equity, bonuses and  
24 dividends during Relevant Period from 2000 to present. In December 2000, AIG had a market  
25 value of approximately \$217 billion dollars. Today it has a market value of approximately \$3.5  
26 billion dollars.  
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1 billion dollars, a net decline of \$214.5 billion dollars based on the market capitalization rate  
2 formula.

3 3. AIG engaged in an unprecedented and financially unsound frequency and value of credit-  
4 default swap ("CDS") derivative contracts for the collateralized debt obligations ("CDOs")  
5 derivative market, thus exposing the company to enormous risk, and ultimately billions of dollars  
6 in material losses, most of which were paid out of shareholder investments and government  
7 provided monies at the expense of the Company's shareholders and American taxpayers.  
8 Examples of these CDS contracts and their associated losses include the following counter-  
9 parties:  
10  
11

- 12 (a) Goldman Sachs - \$12.9 billion
- 13 (b) Merrill Lynch Bank of America - \$12 billion
- 14 (c) Societe Generale - \$11.9 billion
- 15 (d) Deutsche Bank - \$11.8 billion
- 16 (e) United Bank of Switzerland - \$5 billion

17  
18 4. The type of CDO derivative market, which AIG entered into as an insurance counter-  
19 party through its CDS contracts, developed as a result of a spike during the Relevant Period in  
20 sub-prime mortgages and the perceived need for large institutions to alleviate risk. A CDO is a  
21 type of collateralized asset backed security, in AIG's case, the majority of which were tied to  
22 sub-prime mortgage bonds. By their very nature, these derivatives contracts are extremely risky  
23 and can have the potential for extremely high profits, or extremely high losses. AIG made  
24 enormous profits in a very short period of time by underwriting insurance contracts against the  
25 default of these high risk CDO derivatives, but the amount of risk was inordinately and  
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1 disproportionately higher than the corresponding profits earned, and this proved to be too much  
2 for the Company to bear, ultimately.

3 5. After AIG posted a record breaking \$62 billion dollar loss for the 4th quarter of 2008, the  
4 Defendants, each and every one of them, incredibly paid out \$165 million dollars in bonuses to  
5 its executives in March of 2009 and \$55 million dollars in December of 2008 for this poor  
6 performance, and also paid out dividends when this was not reasonable or warranted under the  
7 circumstances. The following facts are known at this time about the bonuses:  
8

9 (a) 400 employees each received between \$1000 and \$6.5 million dollars;

10 (b) seven executives at the financial products unit, the same unit that was responsible  
11 for underwriting the costly CDS derivative contracts and losing billions of dollars, received more  
12 than \$3 million each, in bonuses;  
13

14 (c) the bonuses were allegedly for retention, in part, and also performance based, but  
15 it has become clear that this was not the reason for the bonuses; rather looting of shareholder and  
16 government assets was the motivation  
17

18 6. The Company continued to pay out dividends to shareholders during the Relevant Period,  
19 even during the tumultuous 2008 year, when it became clear that AIG was in a position to lose a  
20 significant amount of money on its CDS contracts. Rather than cutting or not paying dividends,  
21 AIG raised its dividend payments to shareholders in the 3rd quarter of 2007 from .165 per share  
22 to .20 per share, resulting in the loss of operating capital for the Company in the amount of over  
23 \$500 million dollars for each quarter after the 3rd quarter of 2007 through 2008. This was a time  
24 when the Company should have been increasing, rather than decreasing, its reserves to cover  
25 potential losses that were evident due to AIG's tremendous risk exposure through its CDS  
26 contracts. The decision to pay out these dividends at the increased rate, shows that the  
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1 Defendants were either trying to misrepresent the financial stability of the Company by  
2 continuing to pay out dividends, or the Defendant's were derelict in their management and  
3 oversight of the Company by doing so, as well as other illegal and unethical and improper  
4 actions.  
5

6 7. The Company violated the trust of its shareholders and employees by making  
7 unreasonably optimistic if not misleading and false future assessments in 2006 and 2007  
8 earnings reports, and misrepresenting actual knowledge of the company's predicament by  
9 downplaying the Company's exposure to future losses. Defendants misrepresentations and  
10 omissions were made in reckless disregard for the truth and the concealment of extraordinary  
11 amount of risk exposure could not have been discovered through reasonable diligence by the  
12 typical shareholder. For example, in the 4th quarter 2007 earnings press conference, AIG states:

13 (a) "Based upon its most current analyses, AIG believes that any credit  
14 impairment losses realized over time by AIGFP (American International Group Financial  
15 Products Corp) will not be material to AIG's consolidated financial condition, although it is  
16 possible that realized losses could be material to AIG's consolidated results of operations for an  
17 individual reporting period. Except to the extent of any such realized credit impairment losses,  
18 AIG expects AIGFP's unrealized market valuation losses to reverse over the remaining life of  
19 the super senior credit default swap portfolio."  
20  
21

22 8. The sheer scale of wealth destruction and loss of equity value that occurred under each of  
23 the Defendants' watch demonstrates that there was significant negligence, gross negligence,  
24 recklessness and/or intentional misconduct on account of senior management, executive  
25 leadership, and the board of directors and officers, in failing to prevent AIG's steep decline  
26 towards bankruptcy.  
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1 9. Motivated by greed and quick profits, each of the Defendants, acting in concert, jointly  
2 and severally, have deliberately, repeatedly, and systematically failed to exercise independent  
3 effective judgment, oversight, and necessary restraint of AIG's disastrous business activities,  
4 including executive compensation bonuses and engaging in hundreds of billions of dollars in  
5 risky derivatives contracts, which subsequently cost the shareholders of the Company in excess  
6 of \$200 billion dollars. During this time of unprecedented wealth destruction for AIG  
7 shareholders, each of the Defendants were compensated generously by way of handsome salaries  
8 and exorbitant bonuses and dividends, among other benefits and perks, despite their misconduct.

9  
10 10. The Company and its shareholders, which now include not only the Plaintiff, other  
11 private shareholders, but also now U.S. taxpayers, have suffered irreparable damage to its their  
12 investments and the Company's reputation, and the Company will continue to suffer a loss of  
13 goodwill and its ability to conduct future operations as a result of the illegal activities of each of  
14 the Defendants, acting jointly and severally.  
15  
16

### 17 **JURISDICTION AND VENUE**

18 11. This Court has jurisdiction over this action pursuant to 28 U.S.C. §1331 in that the  
19 district courts shall have original jurisdiction of all civil actions arising under the Constitution,  
20 laws or treaties of the United States.  
21

22 12. This Court has jurisdiction over this action pursuant to 28 U.S.C. §1332(a)(2) in that  
23 Plaintiff and Defendants are citizens of different states and the matter in controversy exceeds  
24 \$75,000, exclusive of interest and costs.

25 13. This Court has supplemental jurisdiction pursuant to 28 U.S.C. §1367 over all other  
26 claims that are so related to claims in the action within such original jurisdiction that they form  
27 part of the same case or controversy under Article III of the United States Constitution.  
28

1 14. Plaintiff brings this action on behalf of AIG pursuant to Rule 23.1 of the Federal Rules of  
2 Civil Procedure based on principles of state and federal law which prohibit breach of the federal  
3 securities laws by officers and directors of public corporations, breach of the fiduciary duty of  
4 corporate candor by corporate fiduciaries and the misappropriation of corporate information  
5 which was not available to the public investors. This action is not a collusive one designed to  
6 confer jurisdiction on a court of the United States which it would not otherwise have.  
7

8 15. Venue is proper in this Court because a substantial portion of the transactions and wrongs  
9 complained of herein, including the Defendants' primary participation in the wrongful acts  
10 detailed herein, occurred in this district, and Defendants do business and at all material times  
11 have done business in this district. Defendants have received substantial compensation in this  
12 district by engaging in numerous activities and conducting business here, which had an effect in  
13 this district.  
14

### 15 **THE PARTIES**

16 16. Plaintiff, and members of the Class, have been a holder of the common stock during the  
17 Relevant Period. Lead Plaintiff resides in Missouri.  
18

19 17. Nominal defendant AIG is a Delaware corporation with its principal place of business in  
20 New York, New York. American International Group, Inc., through its subsidiaries, provides  
21 insurance and financial services in the United States and internationally. It operates in four  
22 segments: General Insurance, Life Insurance and Retirement Services, Financial Services, and  
23 Asset Management.  
24

25 (a) AIG stock trades on the NYSE. As of December 31, 2008, AIG had  
26 approximately 2.69 billion shares of common stock outstanding owned by thousands of  
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28

1 shareholders. AIG is named in this Complaint as a nominal defendant solely in a derivative  
2 capacity and this shareholder derivative action is on its behalf.

3 (b) AIG, while formally incorporated in Delaware, it has few business operations,  
4 assets and/or employees located there. The majority of AIG's operations, including its  
5 headquarters and principal place of business, are located in New York, at address 70 Pine Street,  
6 New York, NY 10270 and Los Angeles, California— both international financial centers.

7  
8 18. Defendant Edward M. Liddy ("Liddy") is and has been the Chief Executive Officer  
9 ("CEO") of AIG since September 2008 and is the current Chairman of the Board of Directors  
10 (the "Board"). Upon information and belief, Defendant Liddy resides outside of California and  
11 his address is unknown. He is therefore being served at AIG headquarters in New York.

12  
13 19. Defendant Robert B. Willumstad ("Willumstad") was the Chairman of the Board from  
14 2006 to 2008 and CEO of AIG from June 2008 through September 2008. Upon information and  
15 belief, Defendant Willumstad resides outside of California and his address is unknown. He is  
16 therefore being served at AIG headquarters in New York.

17  
18 20. Defendant Martin J. Sullivan ("Sullivan") has been a director of AIG throughout the  
19 Relevant Period and served as CEO of AIG from March 2005 through June 2008, taking with  
20 him over \$25 million dollars in severance after presiding over the company during the Relevant  
21 Period during which the company engaged in the behavior that has led it to its current state.  
22 Upon information and belief, Defendant Sullivan resides outside of California and his address is  
23 unknown. He is therefore being served at AIG headquarters in New York.

24  
25 21. Defendant Maurice R. Greenberg ("Greenberg") was the CEO of AIG from 1968 through  
26 June 2005, when he stepped down amid a major accounting scandal. Upon information and  
27  
28

1 belief, Defendant Greenberg resides outside of California and his address is unknown. He is  
2 therefore being served at AIG headquarters in New York.

3 22. Defendant Paula R. Reynolds ("Reynolds") is and has been a director of AIG since  
4 October 2008 and serves as Vice Chairman and Chief Restructuring Officer of AIG. Upon  
5 information and belief, Defendant Reynolds resides outside of California and her address is  
6 unknown. She is therefore being served at AIG headquarters in New York.

7  
8 23. Defendant Win Jay Neuger ("Neuger") is and has been a director AIG since 1995 and  
9 currently serves as Executive Vice President and Chief Investment Officer of AIG. Upon  
10 information and belief, Defendant Neuger resides outside of California and his address is  
11 unknown. He is therefore being served at AIG headquarters in New York.

12  
13 24. Defendant Edmund S.W. Tse ("Tse") is and has been a director of AIG since 2004 and  
14 currently serves as Senior Vice Chairman of Life Insurance, Head of AIGs Worldwide Life  
15 Insurance Operations, Director, Chairman of American International Assurance Company Ltd  
16 and Chief Executive Officer of American International Assurance Company Ltd, AIG. Upon  
17 information and belief, Defendant Tse resides outside of California and his address is unknown.  
18 He is therefore being served at AIG headquarters in New York.

19  
20 25. Defendant Louis P. Iglesias ("Iglesias") is and has been a director of AIG since 2008 and  
21 currently serves as Chairman of AIG Risk Management Group and Chief Executive Officer of  
22 AIG Risk Management Group. Upon information and belief, Defendant Iglesias resides outside  
23 of California and his address is unknown. He is therefore being served at AIG headquarters in  
24 New York.

25  
26 26. Defendant Joseph Boren ("Boren") is and has been a director of AIG and currently serves  
27 as Chairman of AIG Environmental and Chief Executive Officer of AIG Environmental. Upon  
28

1 information and belief, Defendant Boren resides outside of California and his address is  
2 unknown. He is therefore being served at AIG headquarters in New York.

3 27. Defendant Anastasia D. Kelly ("Kelly") is and has been a director of AIG since 2009 and  
4 currently serves as Vice Chairman of Human Resources, Vice Chairman of Corporate  
5 Communications & Corporate Affairs, Vice Chairman of Legal, Vice Chairman of Corporate  
6 Affairs, Executive Vice President, Senior Regulatory & Compliance Officer, and General  
7 Counsel. Upon information and belief, Defendant Kelly resides outside of California and her  
8 address is unknown. She is therefore being served at AIG headquarters in New York.

9 28. Defendant Morris W. Offit ("Offit") is and has been an Independent Director of AIG since  
10 2005 and currently serves as Chairman of Finance Committee, Member of Audit Committee and  
11 Member of Public Policy & Social Responsibility Committee, AIG. Upon information and  
12 belief, Defendant Offit resides outside of California and his address is unknown. He is therefore  
13 being served at AIG headquarters in New York.

14 29. Defendant Michael Sutton ("Sutton") is an has been an Independent Director of AIG  
15 since 2005 and now serves as Independent Director, Chairman of Audit Committee, Member of  
16 First Special Litigation Committee and Member of Regulatory, Compliance & Legal Committee  
17 of AIG. Upon information and belief, Defendant Sutton resides outside of California and his  
18 address is unknown. He is therefore being served at AIG headquarters in New York.

19 30. Defendant Richard Holbrooke ("Holbrooke") is an has been an Independent Director of  
20 AIG since 2001 and now serves as Independent Director and Chairman of Public Policy & Social  
21 Responsibility Committee of AIG and is also the Obama administration's envoy to Afghanistan  
22 and Pakistan. Upon information and belief, Defendant Holbrooke resides outside of California  
23 and his address is unknown. He is therefore being served at AIG headquarters in New York.

1 31. Defendant James Orr III ("Orr") is an has been an Independent Director of AIG since  
2 2006 and now serves as Director, Chairman of Compensation & Management Resources  
3 Committee and Member of Nominating & Corporate Governance Committee of AIG. Upon  
4 information and belief, Defendant Orr resides outside of California and his address is unknown.  
5 He is therefore being served at AIG headquarters in New York.  
6

7 32. Defendant Martin Feldstein, Ph.D. ("Feldstein") is an has been an Independent Director  
8 of AIG since 1987 and now serves as Independent Director, Member of Regulatory, Compliance  
9 & Legal Committee and Member of Finance Committee of AIG and he presently serves on  
10 President Obama's Economic Recovery Advisory Board. Upon information and belief,  
11 Defendant Feldstein resides outside of California and his address is unknown. He is therefore  
12 being served at AIG headquarters in New York.  
13

14 33. Defendant Virginia Rometty ("Rometty") is an has been an Independent Director of AIG  
15 since 2006 and now serves as Director and Member of Compensation & Management Resources  
16 Committee. Upon information and belief, Defendant Rometty resides outside of California and  
17 her address is unknown. He is therefore being served at AIG headquarters in New York.  
18

19 34. Defendant Stephen Bollenbach ("Bollenbach") is an has been an Independent Director of  
20 AIG since 2008 and now serves as Lead Independent Director and Member of Audit Committee  
21 of AIG. Upon information and belief, Defendant Bollenbach resides outside of California and his  
22 address is unknown. He is therefore being served at AIG headquarters in New York.  
23

24 35. Defendant Suzanne Johnson ("Johnson") is an has been an Independent Director of AIG  
25 since 2008. Upon information and belief, Defendant Johnson resides outside of California and  
26 his address is unknown. She is therefore being served at AIG headquarters in New York.  
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1 36. Defendant Dennis Dammerman ("Dammerman") is an has been an Independent Director  
2 of AIG since 2008. Upon information and belief, Defendant Dammerman resides outside of  
3 California and his address is unknown. He is therefore being served at AIG headquarters in New  
4 York.  
5

6 **OBLIGATIONS AND DUTIES OF EACH OF THE DEFENDANTS**

7 37. By reason of their positions as directors, officers, and/or fiduciaries of the Company and  
8 because of their ability to control the business, corporate and financial affairs of the company,  
9 each of the Defendants owed the Company and its shareholders the duty to exercise due care and  
10 diligence in the management and administration of the affairs of the Company and in the use and  
11 preservation of its property and assets; the duty of loyalty, to put the interests of the Company  
12 above their own financial interests; and the duty of candor, including full and candid disclosure  
13 of all material facts related thereto. Further, Defendants, each and every one of them, owed a  
14 duty to the Company and its shareholders to ensure that the Company operated in compliance  
15 with all federal and state laws, rules, regulations and that the Company was not engaged in any  
16 unsafe, unsound, or illegal business practices. The conduct of the Defendants complained of  
17 herein involves knowing violations of their duties as directors of the Company, and the absence  
18 of good faith on their part, which Defendants were aware or should have been aware, posed a  
19 risk of serious injury to the Company.  
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23 To discharge these duties, Defendants were required to exercise reasonable and prudent  
24 supervision over the management, policies, controls, and financial and corporate affairs of the  
25 Company. By virtue of this obligation of ordinary care and diligence, Defendants were required,  
26 among other things, to:  
27  
28

1 (a) manage, conduct, supervise, and direct the employees, businesses and affairs of  
2 the Company in accordance with laws, rules and regulation, and the charter and by-laws  
3 of the Company;

4  
5 (b) neither violate no knowingly or recklessly permit any officer, director or  
6 employee of the Company to violate applicable laws, rules and regulations, and to  
7 exercise reasonable control and supervision over such officers and employees; ensure the  
8 prudence and soundness of policies and practices undertaken or proposed to be  
9 undertaken by the Company;

10  
11 (c) remain informed as to how the Company was, in fact, operating and upon  
12 receiving notice or information of unsafe, imprudent or unsound practices, to make  
13 reasonable investigation in connection therewith and to take steps to correct that  
14 condition or practice, including, but not limited to, maintaining and implementing an  
15 adequate system of financial controls to gather and report information internally, to allow  
16 Defendants to perform their oversight function properly to prevent the use of non- public  
17 corporate information for personal profit;

18  
19 (d) supervise the preparation, filing and/or dissemination of any SEC filing, press  
20 releases, audits, reports or other information disseminated by the Company, and to  
21 examine and evaluate any reports of examinations or investigations concerning the  
22 practices, products or conduct of officers of the Company, and to make full and accurate  
23 disclosure of all material facts, concerning *inter alia*, each of the subjects and duties set  
24 forth above; and  
25  
26  
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1 (e) preserve and enhance the Company's reputation as befits a public corporation  
2 and to maintain public trust and confidence in the Company as a prudently managed  
3 institution fully capable of meeting its duties and obligations.  
4

5 **CLASS ACTION ALLEGATIONS**

6 38. Lead Plaintiff brings this action as a class action pursuant to Rule 23(a) and 23(b)(3) of  
7 the Federal Rules of Civil Procedure on behalf of all persons or entities who purchased or  
8 otherwise acquired securities issued by AIG and its subsidiaries and that traded on an efficient  
9 market, during the Relevant Period , and were damaged thereby (the "Class"). Excluded from  
10 the Class are:  
11

12 (i) Defendants;

13 (ii) members of the immediate family of each Individual Defendant;

14 (iii) any person who was an officer or director of AIG

15 (iv) any firm, trust, corporation, officer, or

16 other entity in which any Defendant has or had a controlling interest;

17 (v) any person who participated in the wrongdoing alleged herein;

18 (vi) the legal representatives, agents, affiliates, heirs, beneficiaries, successors-in-  
19 interest, or assigns of any such excluded party.  
20  
21

22 39. The Class is so numerous that joinder of all Class members is impracticable. The  
23 disposition of their claims in a class action will provide substantial benefits to the parties and the  
24 Court. Throughout the Relevant Period, AIG's common stock was actively traded on the NYSE,  
25 which is an efficient market. As of December 31, 2008, there were over 2.69 billion shares of  
26 AIG common stock outstanding. While the exact number of Class members is unknown to  
27  
28

1 Plaintiff at this time, and can only be determined through appropriate discovery, Plaintiff  
2 believes that Class members number in at least the hundreds of thousands.

3 40. The claims of Plaintiffs are typical of the claims of other Class members.

4 Plaintiffs and all Class members acquired their AIG securities shares on the open market or  
5 pursuant to the Offerings and sustained damages as a result of Defendants' conduct alleged  
6 herein in violation of the federal securities laws.  
7

8 41. Plaintiffs have no interests that are contrary to or in conflict with those of the Class.

9 42. A class action is superior to other available methods for the fair and efficient  
10 adjudication of the Defendants actions. Because the damages suffered by individual Class  
11 members may be relatively small compared to the damage to the shareholders and the Company  
12 as a whole, the expense and burden of individual litigation make it virtually impossible for the  
13 Class members individually to seek redress for the wrongful conduct alleged herein.  
14

15 43. There is a well-defined community of interest in the questions of law and fact  
16 involved in this case. Questions of law and fact common to the members of the Class  
17 predominate over questions that may affect individual Class members. Such common questions  
18 of law and fact, include, among others:  
19

20 (a) Whether Defendants violated the federal securities laws;

21 (b) Whether documents, press releases and public statements made by the Defendants  
22 during the Relevant Period concerning the Company's financial and operational position,  
23 including statements concerning the Company's financial results, contained misstatements of  
24 material fact or omitted to state material facts necessary in order to make the statements made, in  
25 light of the circumstances under which they were made, not misleading;  
26  
27  
28

1 (c) Whether AIG's SEC filings issued during the Class Period which contained  
2 financial information (*i.e.* its Forms 10-K, 10-Q, 8-K, and S-3) contained untrue or materially  
3 misleading statements or material omissions of fact;  
4

5 (d) Whether the market prices of AIG securities during the Class Period were  
6 artificially inflated due to the material misrepresentations complained of herein;

7 (e) Whether with regard to claims under the Exchange Act, certain of the Defendants  
8 knew or recklessly disregarded that their statements were false and misleading;

9 (f) Whether the Offering Documents (as defined below) contained material  
10 misstatements or omitted to state material information; and  
11

12 (g) Whether Class members and the Company have sustained damages and, if so, the  
13 appropriate measure thereof.

14 44. Lead Plaintiff knows of no difficulty that will be encountered in the management of this  
15 litigation that would preclude its maintenance as a class action.  
16

17 45. The names and addresses of record owners of AIG securities purchased on or traceable to  
18 the Offerings and during the Class Period are available from records maintained by AIG or its  
19 transfer agent. Notice may be provided to such record owners via first class mail, using  
20 techniques and a form of notice similar to that customarily used in securities class actions.  
21

22 **DERIVATIVE ACTION AND DEMAND FUTILITY ALLEGATIONS**

23 46. Pursuant to California Corporations Code section 800, Plaintiff alleges that she was a  
24 shareholder of record at the time of the transactions or any part thereof of which plaintiff  
25 complains.  
26  
27  
28

1 47. Pursuant to California Corporations Code section 800, Plaintiff has made an effort to  
2 secure from the board such action as the plaintiff desires, by emailing to the board a letter, dated  
3 3/18/09, requesting that the board file suit over the legal wrongs complained herein.  
4

5 **COUNT I**

6 **Against All Defendants for Breach Of Fiduciary Duty**

7 48. Plaintiff and other Class members incorporate by reference each and every allegation set  
8 forth above, as though fully set forth herein.

9 49. The Defendants, each of them jointly and severally, owe the Company fiduciary  
10 obligations. By reason of their fiduciary relationships, the Defendants owed and owe the  
11 Company the highest obligation of good faith, fair dealing, loyalty, and due care.  
12

13 50. The Defendants, each of them jointly and severally, violated and breached their fiduciary  
14 duties of care, loyalty, reasonable inquiry, oversight, good faith and supervision.

15 51. Each of the Defendants authorized, or by abdication of duty permitted the extremely risky  
16 derivative security activities complained of herein. These actions were not a good faith exercise  
17 of prudent business judgment to protect and promote the Company's and its shareholders'  
18 corporate interests.  
19

20 52. As a direct and proximate result of the Defendants' breaches of their fiduciary duties,  
21 each of them jointly and severally have caused, and will continue to cause, the Company to  
22 suffer substantial monetary damages as a result of the wrongdoing described herein, as well as  
23 further and even greater damage in the future, including damage to the Company's reputation,  
24 business, and good will.  
25

26 53. The Company has been directly and substantially injured by reason of the Defendants'  
27 intentional breach and/or reckless disregard of their fiduciary duties to the Company. Plaintiff  
28

1 and other Class members, as shareholders and representatives of the Company, seek damages  
2 and other relief for the Company, in an amount to be proven at trial.

3  
4 **COUNT II**

5 **Against All Defendants for Gross Mismanagement**

6 54. Plaintiff incorporates by reference each and every allegation set forth above, as though  
7 fully set forth herein.

8 55. By their actions alleged herein, the Defendants, each and every one of them, jointly and  
9 severally, abandoned and abdicated their responsibilities and fiduciary duties with regard to  
10 prudently managing the assets and business of the Company in a manner consistent with the  
11 operations of a publicly held corporation.  
12

13 56. As a direct and proximate result of Defendants' gross mismanagement and breaches of  
14 duty alleged herein, the Company and its shareholders have sustained and continue to sustain  
15 significant damages in the billions of dollars.  
16

17 57. As a result of the misconduct and breaches of duty alleged herein, the Defendants, each  
18 and every one of them, jointly and severally, are liable to the Company.  
19

20 **COUNT III**

21 **Against All Defendants for Waste of Corporate Assets**

22 58. Plaintiff and the other Class members incorporate by reference each and every allegation  
23 set forth above, as though fully set forth herein.

24 59. By engaging in the wrongdoing alleged herein, the Defendants, each and every one of  
25 them, jointly and severally, wasted corporate assets by, among other things, engaging in  
26 extensive investment activities involving extremely risky derivative securities, damaging the  
27  
28

1 goodwill and reputation of the Company, and exposing the Company to civil and criminal  
2 liability, for which they are liable.

3 60. As a direct and proximate result of Defendants' wrongful conduct, the Company and its  
4 shareholders have suffered damages in an amount to be proven at trial.  
5

6 **COUNT IV**

7 **Additional Violation of Federal Securities Laws**

8 61. Plaintiff incorporates by reference each and every allegation set forth above, as though  
9 fully set forth herein.  
10

11 62. The Defendants, each and every one of them, acting jointly and severally, misrepresented  
12 and/or omitted material facts regarding AIG's consolidated financial condition, regarding the true  
13 size and scope and the nature of the risk exposure that it faced. This violates section 14(e) of the  
14 Securities Exchange Act of 1934, which states, "It shall be unlawful for any person to make any  
15 untrue statement of a material fact or to omit to state any material fact necessary in order to make  
16 the statements made, in the light of the circumstance under which they are made, not  
17 misleading,..."  
18

19 63. As a direct and proximate result of Defendants' breaches of duty alleged herein, the  
20 Company and its shareholders have sustained and continue to sustain significant damages in the  
21 billions of dollars.  
22

23 **PRAYER FOR RELIEF**

24 WHEREFORE, plaintiff demands judgment as follows:

25 64. Against each of the Defendants and in favor of the Company for the amount of damages  
26 sustained by the Company as a result of the Defendants' breaches of fiduciary duties, gross  
27 mismanagement, and waste of corporate assets in an amount in excess of \$200 billion dollars.  
28

1 65. Extraordinary equitable and/or injunctive relief as permitted by law, equity, and state  
2 statutory provisions sued hereunder, including declaring the improper compensation awards  
3 complained of herein to be null and void; and attaching, impounding, imposing a constructive  
4 trust on or otherwise restricting the proceeds of Defendants' trading activities or their other  
5 assets so as to assure that Plaintiff on behalf of the Company has an effective remedy;

7 66. Awarding to the Company restitution from the Defendants, each and every one of them,  
8 jointly and severally, and ordering disgorgement of all profits, benefits, bonuses, dividends,  
9 perks, and other compensation obtained by the Defendants as a result of the conduct alleged  
10 herein.

12 67. Awarding to Plaintiff the costs and disbursements of the action, including reasonable  
13 attorneys' fees, accountants' and experts' fees, costs, and expenses; and

14 68. Granting such other and further relief as the Court deems just and proper.

16 **COUNT V**

17 **Against the Management Defendants for Unjust Enrichment**  
18 **and Breach of the Duty of Loyalty**

19 69. Plaintiff and the other class members incorporate by reference each and every allegation  
20 set forth above, as though fully set forth herein.

21 70. As a result of lavishing bonuses, dividends, benefits and perks and disproportionately  
22 high compensation for themselves and appointed executives, Defendants have and will continue  
23 to be unjustly enriched at the expense of and to the detriment of the Company.

24 71. Accordingly, this Court should order the Defendants to disgorge all profits, dividends,  
25 bonuses benefits, and other compensation obtained by the Defendants.

27 **COUNT VI**

28 **Shareholders Action Against Defendant AIG for Breach Of Fiduciary Duty**

1  
2 72. Plaintiff and other Class members incorporate by reference each and every allegation set  
3 forth above, as though fully set forth herein.

4 73. The Defendant AIG owes its shareholders fiduciary obligations. By reason of their  
5 fiduciary relationships, AIG owed and owes the shareholders the highest obligation of good  
6 faith, fair dealing, loyalty, and due care.

7  
8 74. The Defendant AIG violated and breached its fiduciary duties of care, loyalty, reasonable  
9 inquiry, oversight, good faith and supervision.

10 75. The Defendant AIG authorized, or by abdication of duty permitted the extremely risky  
11 derivative security activities complained of herein. These actions were not a good faith exercise  
12 of prudent business judgment to protect and promote its shareholders' corporate interests.

13  
14 76. As a direct and proximate result of the Defendant AIG's breaches of its fiduciary duties,  
15 AIG has caused and will continue to cause its shareholders to suffer substantial monetary  
16 damages as a result of the wrongdoing described herein, as well as further and even greater  
17 damage in the future, including damage to the Company's reputation, business, and good will.

18  
19 77. The Company has been directly and substantially injured by reason of the Defendant  
20 AIG's intentional breach and/or reckless disregard of their fiduciary duties to the shareholders.  
21 Plaintiff and other Class members seeks damages and other relief for the Defendant AIG, in an  
22 amount to be proven at trial but in an amount in excess of \$200 billion dollars.

23  
24 **SHAREHOLDERS CLASS ACTION COUNTS**

25 **COUNT VII**

26 **Shareholders Against Defendant AIG for Gross Mismanagement**

27 78. Plaintiff and the other Class Members incorporate by reference each and every allegation  
28 set forth above, as though fully set forth herein.

1 79. By their actions alleged herein, the each of the Defendants and AIG, abandoned and  
2 abdicated its responsibilities and fiduciary duties with regard to prudently managing the assets  
3 and business of the shareholders in a manner consistent with the operations of a publicly held  
4 corporation.

5  
6 80. As a direct and proximate result of each of the Defendants' and AIG's gross  
7 mismanagement and breaches of duty alleged herein, the shareholders have sustained and  
8 continue to sustain significant damages in the billions of dollars.

9  
10 81. As a result of the misconduct and breaches of duty alleged herein, the each of the  
11 Defendants and AIG, jointly and severally, are liable to the shareholders.

12 **COUNT VIII**

13 **Shareholders Action Against Defendant AIG for Waste of Corporate Assets**

14 82. Plaintiff and other Class members incorporate by reference each and every allegation set  
15 forth above, as though fully set forth herein.

16  
17 83. By engaging in the wrongdoing alleged herein, the each of the Defendants and AIG  
18 wasted corporate assets by, among other things, engaging in extensive investment activities  
19 involving extremely risky derivative securities, driving down the price of common and other  
20 stock and damaging the goodwill and reputation of the Company, and exposing the Company to  
21 civil and criminal liability, for which they are liable.

22  
23 84. As a direct and proximate result of each of the Defendants' and AIG's wrongful conduct,  
24 jointly and severally, Plaintiff and other Class member shareholders have suffered damages in an  
25 amount to be proven at trial, but in an amount in excess of \$200 billion dollars.

26  
27 **COUNT IX**

28 **Additional Violation of Federal Securities Laws**

1  
2 85. Plaintiff and the other Class members incorporate by reference each and every allegation  
3 set forth above, as though fully set forth herein.

4 86. Each of the Defendants and AIG misrepresented and/or omitted material facts regarding  
5 AIG's consolidated financial condition, regarding the true size and scope and the nature of the  
6 risk exposure that it faced. This violates section 14(e) of the Securities Exchange Act of 1934,  
7 which states, "It shall be unlawful for any person to make any untrue statement of a material fact  
8 or to omit to state any material fact necessary in order to make the statements made, in the light  
9 of the circumstance under which they are made, not misleading,..."  
10

11 87. As a direct and proximate result each of the Defendant's and AIG's breaches of duty  
12 alleged herein, the shareholders have sustained and continue to sustain significant damages in the  
13 billions of dollars.  
14

15 **PRAYER FOR RELIEF**

16 WHEREFORE, Plaintiff demands judgment as follows:

17 88. Against the Company and its Defendant directors, jointly and severally, for the amount of  
18 damages sustained by the Shareholders as a result of the Defendants' breaches of fiduciary  
19 duties, gross mismanagement, and waste of corporate assets, causing a decrease in Shareholders  
20 Equity in an amount in excess of \$200 billion dollars.  
21

22 89. Extraordinary equitable and/or injunctive relief as permitted by law, equity, and state  
23 statutory provisions sued hereunder, including declaring the improper compensation awards  
24 complained of herein to be null and void; and attaching, impounding, imposing a constructive  
25 trust on or otherwise restricting the proceeds of Defendants' trading activities or their other  
26 assets so as to assure that Plaintiff and the other class members have an effective remedy;  
27  
28

1 90. Awarding to the Plaintiff and the other Class member shareholders restitution from the  
2 Defendant AIG and each of the Defendant directors, jointly and severally, and ordering  
3 disgorgement of all profits, benefits, bonuses, dividends, perks and other compensation obtained  
4 by each of the Defendants as a result of the conduct alleged herein.

5  
6 91. Awarding to Plaintiff and other Class member shareholders the costs and disbursements  
7 of the action, including reasonable attorneys' fees, accountants' and experts' fees, costs, and  
8 expenses; and

9  
10 92. Granting such other and further relief as the Court deems just and proper.

11  
12 **JURY DEMAND**

13 Plaintiff demands a trial by jury on all claims so triable.  
14  
15  
16  
17

18 \_\_\_\_\_  
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(Subject to Pro Hac Vice Entry)

Attorneys for the Plaintiff and Other Class  
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