

**U.S. Securities and Exchange Commission****SEC Charges General Re Corporation for Role in AIG and Prudential Accounting Frauds****FOR IMMEDIATE RELEASE  
2010-10**

*Washington, D.C., Jan. 20, 2010* — The Securities and Exchange Commission today charged General Re Corporation for its involvement in separate schemes by American International Group (AIG) and Prudential Financial, Inc. to manipulate and falsify their reported financial results.

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**Additional Materials**

- [Litigation Release No. 21384](#)
  - [SEC Complaint](#)
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Gen Re agreed to pay \$12.2 million to settle the SEC's charges. In addition, in a non-prosecution agreement announced today by the Department of Justice in connection with a related criminal investigation of Gen Re's transactions with AIG, Gen Re agreed to pay \$19.5 million to the U.S. Postal Inspection Service Consumer Fraud Fund. Gen Re also agreed to pay \$60.5 million through a civil class action settlement to AIG's injured shareholders. Gen Re previously forfeited to the government approximately \$5 million in fees it earned for its participation in the scheme with AIG.

"Gen Re arranged to sell financial products to AIG and Prudential for the sole purpose of enabling those companies to manipulate their accounting results and mislead investors," said Andrew M. Calamari, Associate Director of the SEC's New York Regional Office.

The SEC previously charged AIG with securities fraud and improper accounting, and the company settled the charges by paying more than \$800 million among other remedies. The SEC also previously charged AIG former chairman Maurice R. "Hank" Greenberg and former chief financial officer Howard I. Smith, as well as former senior executives of Gen Re for their roles in connection with the scheme with AIG. The Commission separately charged Prudential with securities laws violations in 2008.

According to the SEC's complaint against Gen Re, filed in U.S. District Court for the Southern District of New York, a foreign subsidiary of Gen Re entered into two sham "reinsurance" transactions with AIG in 2000 to improperly allow AIG to reverse the declining reserve trend and falsely report additions to both loss reserves and premiums written. Senior officials at Gen Re helped AIG structure the two sham transactions. The contracts show reinsurance transactions that appeared to transfer risk to AIG, but the transactions did not transfer risk.