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## U.S. Said to Interview AIG's Cassano About Subprime Losses

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By David Voreacos

April 7 (Bloomberg) -- U.S. prosecutors will continue interviewing former **American International Group Inc.** executive **Joseph Cassano** today as they weigh whether to bring criminal charges related to the insurer's collapse, according to a person familiar with the discussions.

The interview of Cassano began yesterday in Washington as prosecutors wrap up a probe into whether AIG executives misled investors and auditors about subprime mortgage-related losses, according to the person, who declined to be identified because the talks are confidential. The Securities and Exchange Commission participated in the interview, the person said.

The Justice Department and civil investigators from the SEC are examining comments by Cassano, the former chief executive officer of **AIG's Financial Products** division, and other AIG executives in 2007.

Investigators are examining whether they misrepresented AIG's portfolio of "super senior" credit-default swaps, which insured bond losses tied to the U.S. housing market. Losses on the credit-default swaps helped lead to the \$182.3 billion taxpayer bailout of New York-based AIG that gave the government a majority stake.

Department of Justice spokeswoman **Laura Sweeney** and SEC spokesman **John Nester** yesterday declined to comment. Cassano attorney **Joseph Warin of Gibson Dunn & Crutcher LLP in Washington** didn't immediately return a call after regular business hours yesterday. Warin previously said Cassano was cooperating with investigators and acted lawfully.

Cassano, 55, hasn't been charged with any wrongdoing.

'Queen for a Day'

Lawyers for individuals who may be the subject of a criminal investigation rarely allow the government to talk to their clients unless there is an assurance of immunity related to the information provided, former federal prosecutor **Peter Zeidenberg said**. If a person is later charged with a crime, prosecutors may use those statements to cross-examine the defendant if he denies what he previously told them.

"It's customary for defense attorneys to have a subject or a target of an investigation who is coming in for an interview to sign a so-called 'queen for a day,' agreement," said Zeidenberg, a lawyer with DLA Piper LLP in Washington. "The client may feel that there's an innocent explanation for their conduct and, once the government understands that, they won't pursue them further."

The agreement, he said, "provides these individuals with some protection in the event that the government does charge them criminally."

**Daniel Richman**, a Columbia law school professor in New York and former federal prosecutor, said

Cassano's statements to investigators "will focus on a claim that he made full disclosure and lacked any criminal intent."

"This would be his opportunity to explain that while he may have made some regrettable judgments, he committed no crimes," Richman said. "By speaking to the government and putting himself at some risk, he is communicating some confidence that prosecutors will accept his story."

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