



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

February 21, 2006

Raphael M. Russo, Esq.  
Paul Weiss, Rifkind, Wharton & Garrison LLP  
1285 Avenue of the Americas  
New York, NY 10019-6064

**Re: American International Group, Inc.—Waiver Request under Regulation A  
and Rule 505 of Regulation D**

Dear Mr. Russo:

This is in response to your letter dated today, written on behalf of American International Group, Inc. ("AIG") and constituting an application for relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933. You requested relief from disqualifications from exemptions otherwise available under Regulation A and Rule 505 of Regulation D that arise as a result of the entry of a Final Judgment dated today by the United States District Court for the Southern District of New York permanently enjoining AIG from violations of Section 17(a) of the Securities Act of 1933 and Sections 10(b), 13(a), 13(b)(2), and 13(b)(5) of the Exchange Act of 1934, and Rules 10b-5, 12b-20, 13a-1, 13a-13 and 13b2-1, promulgated thereunder, ordering AIG to pay \$700 million in disgorgement and a \$100 million civil money penalty, and ordering AIG to comply with its undertakings set forth in the consent incorporated into the order (the "Final Judgment"). You also requested relief from disqualifications under Regulation A and Rule 505 of Regulation D that arise as a result of the future entry of an injunctive order, judgment or decree of a U.S. state or territorial court addressing the same conduct and based on the same facts as the conduct and facts addressed in the complaint that resulted in the entry of the Final Judgment.

For purposes of this letter, we have assumed as facts the representations set forth in your letter and the findings supporting entry of the Final Judgment. We also have assumed that AIG will comply with the Final Judgment.

On the basis of your letter, I have determined that AIG has made showings of good cause under Rule 262 and Rule 505(b)(2)(iii)(C) that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 of Regulation D by reason of the entry of the Final Judgment or any state or territorial court injunction of the nature described above. Accordingly, pursuant to delegated authority, the relief described above from the disqualifying provisions of Regulation A and Rule 505 of Regulation D is hereby granted.

Very truly yours,

Mauri L. Osheroff  
Associate Director, Regulatory Policy

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP

1285 AVENUE OF THE AMERICAS  
NEW YORK, NEW YORK 10019-6064

TELEPHONE (212) 373-3000  
FACSIMILE (212) 757-3990

LLOYD K. GARRISON (1946-1991)  
RANDOLPH E. PAUL (1946-1956)  
SIMON H. RIFKIND (1950-1995)  
LOUIS S. WEISS (1927-1950)  
JOHN F. WHARTON (1927-1977)

1615 L STREET, NW  
WASHINGTON, DC 20036-5694  
TELEPHONE (202) 223-7300  
FACSIMILE (202) 223-7420

FUKOKU SEIMEI BUILDING  
2-2 UCHISAIWAICHO 2-CHOME  
CHIYODA-KU, TOKYO 100-0011, JAPAN  
TELEPHONE (81-3) 3597-8101  
FACSIMILE (81-3) 3597-8120

UNIT 3601, FORTUNE PLAZA OFFICE TOWER A  
NO. 7 DONG SANHUAN ZHONGLU  
CHAO YANG DISTRICT  
BEIJING 100020  
PEOPLE'S REPUBLIC OF CHINA  
TELEPHONE (86-10) 5828-6300  
FACSIMILE (86-10) 6530-9070/9080

WRITER'S DIRECT DIAL NUMBER  
212 373 3309

WRITER'S DIRECT FACSIMILE  
212 492 0309

WRITER'S DIRECT E-MAIL ADDRESS  
rrusso@paulweiss.com

12TH FLOOR, HONG KONG CLUB BUILDING  
3A CHATER ROAD, CENTRAL  
HONG KONG  
TELEPHONE (852) 2536-9933  
FACSIMILE (852) 2536-9922

ALDER CASTLE  
10 NOBLE STREET  
LONDON EC2V 7JU, U.K.  
TELEPHONE (44 20) 7367 1600  
FACSIMILE (44 20) 7367 1650

MARK H. ALCOTT  
ALLAN J. ARFFA  
ROBERT A. ATKINS  
JOHN F. BAUGHMAN  
LYNN B. BAYARD  
DANIEL J. BELLER  
MICHELLE L. BERS  
MARK S. BERGMAN  
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RICHARD S. BORISOFF  
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KENNETH A. GALLO\*  
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MEREDITH J. KANE  
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BRAD S. KARP  
JOHN C. KENNEDY  
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JOHN E. LANGE  
DANIEL J. LEFFELL  
JEFFREY D. MARELL  
MARCO V. MASOTTI  
EDWIN S. MAYNARD  
TOBY S. MYERSON  
JOHN E. NATHAN  
CATHERINE NYARADY  
ALEX YOUNG K. OH  
JOHN J. O'NEIL  
KELLEY D. PARKER  
ROBERT P. PARKER\*  
MARC E. PERLMUTTER  
MARK F. POMERANTZ  
VALERIE E. RADWANER  
CAREY R. RAMOS  
CARL L. REISNER  
WALTER RIEMAN  
RICHARD A. ROSEN  
ANDREW N. ROSENBERG  
STEVEN B. ROSENFELD  
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RAPHAEL W. RUSSO  
JEFFREY D. SAFERSTEIN  
JEFFREY B. SAMUELS  
DALE M. SARRO  
TERRY E. SCHIMEK  
KENNETH M. SCHNEIDER  
ROBERT B. SCHUMER  
JAMES H. SCHWAB  
MICHAEL J. SEGAL  
STEPHEN J. SHIMSHAK  
DAVID R. SICULAR  
MOSES SILVERMAN  
STEVEN SIMKIN  
JOSEPH J. SIMONS  
MARILYN SOBEL  
TARUN M. STEWART  
ERIC ALAN STONE  
AIDAN SYNNOIT  
ROBYN F. TARNOWSKY  
JULIA L. TARVER  
JUDITH R. THOYER  
DANIEL J. TOAL  
MARK A. UNDERBERG  
MARK F. VULLO  
LAWRENCE G. WEE  
THEODORE V. WELLS, JR.  
LISA YANO  
JORDAN E. YARETT  
KATE N. YOSHINO  
ALFRED D. YOUNGWOOD  
TONG YU

February 21, 2006

\*NOT ADMITTED TO NEW YORK BAR.

**HAND DELIVERY**

Gerald J. Laporte, Esq.  
Chief Office of Small Business Policy  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-3628

Re: Settlement between the Securities and Exchange Commission  
and American International Group, Inc.

Dear Mr. Laporte:

We submit this letter on behalf of our client American International Group, Inc. ("AIG" or the "Settling Firm") in connection with a settlement agreement arising out of investigations by the Securities and Exchange Commission (the "Commission") and various U.S. states and territories (the "States") of alleged violations of Section 17(a) of the Securities Act of 1933, as amended (the "Securities Act"), Sections 10(b), 13(a), 13(b)(2) and 13(b)(5) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rules 10b-5, 12b-20, 13a-1, 13a-13 and 13b2-1 promulgated thereunder, in connection with AIG's practices in the marketing, sale, renewal, placement or servicing of insurance for its policyholders and its accounting and public reporting practices, including those relating to nontraditional and finite insurance.

The Settling Firm below requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D promulgated under the Securities Act, a waiver of any disqualification from exemptions under Regulation A and Rule 505 of Regulation D that may be applicable to the Settling Firm, any of its affiliates or any issuer, offering participant or other persons as a result of the entry of the Final Judgment (as defined below) or any related state or territory court injunction arising from the same facts and

circumstances addressed in the Complaint (defined below).<sup>1</sup> The Settling Firm also requests that these waivers be granted effective as of the entry of the Final Judgment.

### BACKGROUND

AIG has engaged in settlement discussions with the staff of the Division of Enforcement and the States in connection with the matters described above. As a result of these discussions, the Commission filed a complaint (the "Complaint") against AIG in the United States District Court for the Southern District of New York (the "District Court") in a civil action captioned Securities and Exchange Commission v. American International Group, Inc. AIG neither admitted nor denied any of the allegations in the Complaint, except as to jurisdiction. On February 16, 2006, the District Court entered a final judgment against AIG relating to the Complaint (the "Final Judgment"), which permanently restrains and enjoins AIG from future violations of Section 17(a) of the Securities Act, Sections 10(b), 13(a), 13(b)(2) and 13(b)(5) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-13 and 13b2-1 promulgated thereunder and requires AIG to pay disgorgement in the amount of \$700 million and a civil penalty of \$100 million and to comply with certain undertakings.

### DISCUSSION

The Settling Firm understands that the Final Judgment disqualify it, its affiliated entities and issuers, offering participants and other persons from participating in certain offerings otherwise exempt under Regulation A and Rule 505 of Regulation D promulgated under the Securities Act insofar as the Final Judgment is deemed an order, judgment or decree of a court of competent jurisdiction enjoining the Settling Firm from engaging in or continuing to engage in any conduct or practice in connection with the purchase or sale of a security. The Commission has the authority to waive the exemption disqualification under Regulation A and Rule 505 of Regulation D upon a showing of good cause that such disqualifications are not necessary under the circumstances. *See* 17 C.F.R. §§ 230.262 and 230.505(b)(2)(iii)(C).<sup>2</sup> The Settling Firm requests that the Commission waive any disqualifying effects that the Final Judgment and any related state or territory court injunction may have under Regulation A and Rule 505 of Regulation D

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<sup>1</sup> AIG expects to also enter into settlement agreements regarding the activity referred to in the Complaint with additional States (the "State Settlement Agreements"). To the extent that any such State Settlement Agreement may result in an injunction by a court of competent jurisdiction that would cause a disqualification under Regulation A or Regulation D, this request also covers any such resulting disqualification.

<sup>2</sup> We note in support of this request that the Commission has in other instances granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D, including to AIG. *See, e.g.,* American International Group, Inc. S.E.C. No-Action Letter (pub. avail. Dec. 7, 2004); Goldman, Sachs & Co., S.E.C. No-Action Letter (pub. avail. Oct. 30, 2003); Credit Suisse First Boston Corporation, S.E.C. No-Action Letter (pub. avail. Jan. 29, 2002); Dain Rauscher, Incorporated, S.E.C. No-Action Letter (pub. avail. Sept. 27, 2001); Legg Mason Wood Walker, Incorporated, S.E.C. No-Action Letter (pub. avail. June 11, 2001); Dain Rauscher, Incorporated, S.E.C. No-Action Letter (pub. avail. Apr. 6, 2000); In the Matter of Certain Market-Making Activities, S.E.C. No-Action Letter (pub. avail. Jan. 11, 1999); Stephens Incorporated, S.E.C. No-Action Letter (pub. avail. Nov. 23, 1998).

Gerald J. Laporte

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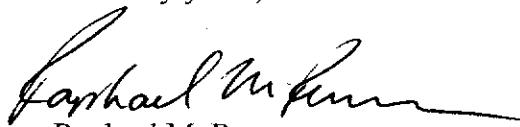
with respect to the Settling Firm, its affiliates or any issuer, offering participant or other persons on the following grounds:

1. The Settling Firm's conduct addressed in the Final Judgment does not relate to offerings under Regulation A or Rule 505 of Regulation D.
2. The Consent includes undertakings to adopt policies and procedures reasonably designed to ensure compliance with the provisions of the Final Judgment.
3. The disqualification of the Settling Firm, its affiliates and other persons from the exemptions under Regulation A and Rule 505 of Regulation D will have an adverse impact on third parties that retain or provide services to the Settling Firm or any of its affiliates in connection with transactions that may need to be made in reliance on these exemptions.
4. The disqualification of the Settling Firm, its affiliates and other persons from the exemptions under Regulation A and Rule 505 of Regulation D is unduly and disproportionately severe, given that the Commission staff has negotiated a settlement with the Settling Firm and reached a satisfactory conclusion to this matter which requires the Settling Firm to pay disgorgement in the amount of \$700 million and a civil penalty of \$100 million and to comply with the other undertakings set forth in the Final Judgment. In addition, the Settling Firm has committed to cooperate with the Commission and other regulators in their continuing investigations and examination of certain of AIG's business practices.

In light of the foregoing, the Settling Firm believes that it has shown good cause that relief should be granted. Accordingly, we respectfully request the Commission, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D, to waive, effective as of the entry of the Final Judgment, the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent they may be applicable to the Settling Firm, any of its affiliates or any issuer, offering participant or other persons as a result of the Final Judgment or any related state or territory court injunction.

Please do not hesitate to contact me at (212) 373-3309 regarding this request.

Sincerely yours,



Raphael M. Russo

cc: Ernest T. Patrikis  
American International Group, Inc.