



## II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

## III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Smith, age 64, is a resident of Woodbury, New York. Smith is a certified public accountant licensed to practice in the State of New York, but his license is not currently active. He served as chief financial officer of American International Group, Inc. (“AIG”) from 1996 until his termination in March 2005.

2. AIG was, at all relevant times, a Delaware corporation with its principal place of business in New York, NY. At all relevant times, AIG was a holding company that, through its subsidiaries was engaged in a broad range of insurance and insurance-related activities in the United States and abroad. AIG’s common stock is registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 (“Exchange Act”), and is listed on the New York Stock Exchange.

3. On August 7, 2009, a final judgment was entered against Smith, on consent, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 and Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5, 13a-14, 13b2-1, and 13b2-2 thereunder and from controlling any person who violates Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder, in the civil action entitled Securities and Exchange Commission v. Maurice R. Greenberg, et al., Civil Action Number 09 Civ. 6939 (LAP), in the United States District Court for the Southern District of New York. Smith also was ordered to pay \$750,000 in disgorgement and a \$750,000 civil money penalty. He also was barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act, for a period of three years from the date of entry of the judgment.

4. The Commission’s complaint alleged, among other things, that Smith and AIG’s former chairman and chief executive officer directed several different accounting transactions to materially affect AIG’s reported financial results. The transactions

affected multiple reporting periods when Smith and the former chairman and chief executive officer were at the company. The complaint also alleges that Smith, as AIG's chief financial officer, was aware of transactions that enabled AIG to create the inaccurate impression that it met or exceeded expectations for certain key financial measures, and that he knew or recklessly disregarded that AIG's accounting for these transactions was not in conformity with generally accepted accounting principles. The complaint also alleges that during the period that AIG's financial results were misstated, AIG distributed its stock in connection with its acquisition of American General Corporation to that company's stockholders, and that Smith signed a registration statement for this distribution that incorporated by reference AIG financial statements containing misstated financial results that Smith also signed. The complaint also alleges that Smith falsified or caused to be falsified books, records, or accounts of AIG that were subject to Section 13(b)(2)(A) of the Exchange Act; that he made materially false or misleading statements or omissions to an accountant in connection with (i) audits, reviews, or examinations of the financial statements of AIG required to be made pursuant to Commission regulations, and (ii) the preparation or filing by AIG of documents and reports required to be filed with the Commission; and that he certified annual and quarterly reports of AIG that contained misstated financial results.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Smith's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Smith is suspended from appearing or practicing before the Commission as an accountant.

B. After five years from the date of this order, Respondent may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission. Such an application must satisfy the Commission that Respondent's work in his practice before the Commission will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or

2. an independent accountant. Such an application must satisfy the Commission that:

(a) Respondent, or the public accounting firm with which he is associated, is registered with the Public Company Accounting Oversight Board ("Board")

in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

(b) Respondent, or the registered public accounting firm with which he is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in the Respondent's or the firm's quality control system that would indicate that the Respondent will not receive appropriate supervision;

(c) Respondent has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Respondent acknowledges his responsibility, as long as Respondent appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

The Commission will consider an application by Respondent to resume appearing or practicing before the Commission provided that his state CPA license is current and he has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Respondent's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

By the Commission.

Elizabeth M. Murphy  
Secretary