

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933

Release No. 8661 / February 21, 2006

In the Matter of	:	
	:	
American International Group, Inc.	:	ORDER UNDER RULE 602(e) OF THE
	:	SECURITIES ACT OF 1933 GRANTING A
Respondent.	:	WAIVER OF THE DISQUALIFICATION
	:	PROVISIONS OF RULE 602(b)(4) and 602(c)(2)
	:	

American International Group, Inc. (“AIG”) has submitted a letter, dated January 31, 2006, requesting a waiver of the disqualification from the exemption from registration under Regulation E arising from AIG’s settlement with the Commission of a civil injunctive proceeding.

On February 1, 2006, AIG consented to entry of a Final Judgment permanently enjoining AIG from violating Section 17(a) of the Securities Act of 1933 (“Securities Act”) and Sections 10(b), 13(a), 13(b)(2)(A) and (B), and 13(b)(5) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rules 10b-5, 12b-20, 13a-1, 13a-13, and 13b2-1 thereunder. On February 17, 2006, the United States District Court for the Southern District of New York entered the Final Judgment. The Final Judgment also requires AIG to disgorge \$700 million of ill-gotten gains, to pay a civil monetary penalty of \$100 million, and to comply with certain undertakings.¹

The Regulation E exemption is not available for the securities of an issuer if the issuer or any of its affiliates is subject to any order, judgment, or decree of a court “temporarily or permanently restraining or enjoining such person from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security.” *See* Rule 602(b)(4) under the Securities Act. The Regulation E exemption is also not available for the securities of an issuer if a director, officer, principal security holder, investment adviser or underwriter of the securities to be offered, or any partner, director or officer of such investment adviser or underwriter, is temporarily or permanently restrained or enjoined by any court from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or arising out of such person’s conduct as an underwriter, broker, dealer or investment adviser. *See* Rule 602(c)(2). Rule 602(e) provides, however, that disqualification “shall not apply . . . if the

¹ AIG expects to enter into settlement agreements regarding the activity referred to in the Commission’s complaint with additional states. This Order also grants a waiver from any Regulation E disqualification to the extent that any state settlement agreements result in an injunction by a court of competent jurisdiction.

Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the exemption be denied.”

Based upon the representations set forth in AIG’s request, the Commission has determined that, pursuant to Rule 602(e), a showing of good cause has been made and that it is not necessary under the circumstances that the exemption be denied as a result of the Final Judgment.

Accordingly, IT IS ORDERED, pursuant to Rule 602(e) under the Securities Act, that a waiver of the disqualification provisions of Rule 602(b)(4) and 602(c)(2) under the Securities Act resulting from the entry of the Final Judgment is hereby granted.

By the Commission.

Nancy M. Morris
Secretary