UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, 450 Fifth Street, N.W. Washington, DC 20549 Plaintiff,	:	
v.	:	COMPLAINT
RICK A. MARANO, WILLIAM MARANO and CARL LOIZZI. Defendants	:	04 Civ. ______ ( )

Plaintiff Securities and Exchange Commission ("SEC" or "Commission") alleges:

NATURE OF THE ACTION

1. In April 2000 and April 2001, Rick A. Marano, a former senior analyst in the Life Insurance Group ("Life Group") at Standard & Poor's Financial Rating Services ("S&P"), obtained through his employment confidential information regarding proposed business transactions and tipped that information to William Marano, his brother, and/or Carl Loizzi ("Loizzi"), a friend and former business partner of William Marano. In total, the defendants' unlawful trading produced profits of over $1,100,000.

2. In late April 2000, ING Groep ("ING"), a Dutch banking and insurance company, retained S&P's Life Group to rate a potential transaction involving ReliaStar Financial Corporation ("ReliaStar") and ING. Through his employment at S&P, Rick Marano misappropriated material, non-public information regarding the potential

transaction, and, on or about April 27, he tipped that information to his brother, William Marano, and/or Loizzi. Later that day, Rick Marano, William Marano and Loizzi purchased ReliaStar call option contracts. The following day, April 28, before the news of ING's proposed acquisition of ReliaStar became public, William Marano and Loizzi both purchased more ReliaStar call option contracts. Loizzi also bought 2,000 shares of ReliaStar common stock. Based upon news of the proposed acquisition, the price of ReliaStar common stock increased approximately 42%. Loizzi, William Marano and Rick Marano reaped trading profits of approximately $596,000, $200,000 and $83,000, respectively, on the sale of their ReliaStar securities.

3. Approximately one year later, Rick Marano again misappropriated material, non-public information regarding a potential acquisition and tipped William Marano and/or Loizzi with that information. On April 2, 2001, Rick Marano learned of a potential acquisition of American General Corporation ("AGC") by American International Group ("AIG"), a United States-based insurance and financial services company, when he and others in the Life Group attended a meeting at AIG's offices. The next day, April 3, after the tip from Rick Marano, William Marano and Loizzi purchased AGC call option contracts. Later that day, AIG announced its proposed acquisition of AGC. Based upon news of the proposed acquisition, the price of AGC common stock increased approximately 15%. Loizzi and William Marano reaped trading profits of approximately $253,000 and $20,000, respectively, on the sale of their AGC options.

4. By engaging in insider trading as described herein, each of the defendants violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15

U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. The SEC seeks injunctive relief, disgorgement, prejudgment interest thereon, civil penalties and other appropriate relief with respect to each of the defendants.

JURISDICTION AND VENUE

5. This Court has jurisdiction over this action, and venue is proper, pursuant to Sections 21(d) and (e), Section 21A and Section 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and (e), 78u-1 and 78aa].

6. Unless restrained and enjoined by this Court, the defendants will continue to engage in acts, practices, and transactions similar to those described herein.

7. The defendants, directly or indirectly, singly or in concert with others, made use of the means or instruments of transportation or communication in interstate commerce, or of the mails, in connection with the acts, transactions, and practices alleged herein, many of which took place in the Southern District of New York.

DEFENDANTS

8. Rick A. Marano, age 51, resides in Fanwood, New Jersey. From November 1997 until August 2001, Rick Marano, a certified public accountant, was employed as a senior analyst in the Insurance Ratings Department at S&P in New York, New York. Throughout his tenure at S&P, Rick Marano was assigned to the Life Group, and provided analysis in connection with the financial ratings of life insurance companies. S&P terminated Rick Marano in August 2001, after it learned Rick Marano violated S&P's policies by failing to report his purchase and sale of ReliaStar securities. As a

result of his insider trading activities, Rick Marano earned total trading profits of approximately $83,000.

9. William Marano, age 49, resides in Sylmar, California and is Rick Marano's brother. As a result of his insider trading activities, William Marano earned total trading profits of approximately $226,000.

10. Carl Loizzi, age 52, also resides in Sylmar, California. Loizzi once shared a dwelling with William Marano in Van Nuys, California. Loizzi and William Marano were business partners, friends and neighbors. As a result of his insider trading activities, Loizzi earned total trading profits of approximately $810,000.

RELEVANT ENTITIES

11. ReliaStar, prior to being acquired by ING Groep, was a Delaware corporation with principal offices in Minneapolis, Minnesota. Prior to the acquisition, ReliaStar was a holding company that specialized in life insurance and related financial services businesses, and was one of the largest life insurance companies in the United States. ReliaStar's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act, and was listed on the New York Stock Exchange ("NYSE"). Options for ReliaStar's common stock were listed on the American Stock Exchange. ReliaStar is now a wholly-owned subsidiary of ING Groep.

12. AGC, prior to being acquired by AIG, was a Texas-based insurance company considered to be one of the United States' largest insurance and financial services companies. The company's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and was listed on the NYSE, and options

for the company were listed on the Chicago Board Options Exchange ("CBOE"). AGC is now a wholly-owned subsidiary of AIG.

FACTS

Background

13. Rick Marano began his employment at S&P on November 17, 1997. At that time, he was informed of S&P's strict rules prohibiting employees from disclosing confidential information. Rick Marano affirmed in writing that he had received a copy of the company's Guidelines And Procedures And Code of Ethics ("Code of Ethics"), which detailed S&P's confidentiality standards. In a statement, dated November 17, 1997, Rick Marano affirmed, among other things, that he: (1) had carefully read the Code of Ethics; (2) was complying and would continue to comply with all the provisions and terms of the Code of Ethics; and (3) that he had no knowledge of any violations of the Code of Ethics and if he should become aware of any violations in the future he would report such violations to his supervisors. Rick Marano also acknowledged that these affirmations were a condition of employment with S&P. During the course of his employment at S&P, Rick Marano signed other such affirmations, and specifically affirmed each time that he was "complying, and will continue to comply" with the policies and procedures in the company's Code of Ethics.

14. The Code of Ethics, among other things, prohibited Rick Marano from sharing non-public information with anyone outside the employ of S&P. Thus, Rick Marano owed a fiduciary or other duty of trust and confidence to S&P and its clients to

keep confidential any and all non-public information he obtained in the course of his employment with S&P.

15. Rick Marano was also subject to certain restrictions concerning his personal securities transactions. The Code of Ethics specifically provided that certain employee trading restrictions applied if an S&P employee received confidential information regarding an issuer, or if he had knowledge or believed that a rating action concerning the issuer was or may be pending. Under these circumstances, S&P employees who did not specifically participate in the rating of the identified issuer, but who had knowledge or a belief that a rating action was or may be pending, were nevertheless prohibited from purchasing or selling the issuer's securities until four days after the rating had been made public. In addition, all employees of S&P were required to provide S&P with a list of all individual securities they owned. For purposes of the Code of Ethics, "securities" included "any put or call option relating to anything which is otherwise a security." Finally, the Code of Ethics required that any change in an employee's securities holdings must be disclosed no later than five business days after the transaction. In annual securities disclosure forms in 1998, 2000 and 2001, Rick Marano stated that he did not own any individual securities, and he never filed any updates indicating the purchase of any individual securities.

<u>The Defendants' Unlawful Trading In ReliaStar Securities</u>

16. On March 4, 2000, ING met privately with ReliaStar to explore the possibility of a potential business combination. On April 19, 2000, ING confidentially made a cash offer to acquire ReliaStar for a price in the range of \$49 to \$52 per share. On

April 20, 2000, ReliaStar's Board of Directors authorized management to enter into an exclusive due diligence and negotiating arrangement with ING, provided ING raised its cash bid to $54 per share.

17. On April 25, 2000, after increasing the offer, ING retained S&P, on a confidential basis, to provide financial credit rating services in connection with the potential business transaction. Also on April 25, based upon ING's affirmation that it would offer $54 per share for ReliaStar stock, ReliaStar entered into a letter agreement granting ING a six-day period of exclusive negotiating rights. S&P informed certain Life Group members that a meeting with ING was scheduled for April 27, 2000. All of the information S&P obtained in connection with the potential business transaction involving ReliaStar was non-public; accordingly, the Code of Ethics prohibited anyone who had obtained such information from purchasing ReliaStar securities during this time period.

18. The entire Life Group, including Rick Marano, worked in close proximity on the same floor of S&P's offices and they all had similar open workspaces. Moreover, it was the practice of members of the Life Group to openly discuss matters on which they were working with other Life Group members.

19. On April 27, 2000, ING personnel met with the Life Group rating team at S&P's offices in New York, New York. The meeting took place in the Life Group conference room, which is on the same floor as Rick Marano's open workspace and the workspaces of the rest of the Life Group staff. The meeting began at approximately 11:30 a.m. (EST) and continued to about 12:30 p.m. (EST).

20. Through his employment at S&P and his position as a member of the Life Group, Rick Marano acquired material, non-public information regarding the potential ING business transaction involving ReliaStar. Thereafter, Rick Marano communicated material, non-public information regarding ING's potential business transaction involving ReliaStar to William Marano and/or Loizzi on or before April 27.

21. At 1:41 p.m. (EST) on April 27, 2000, approximately 70 minutes after the meeting in the Life Group conference room ended, a call was placed from Rick Marano's S&P office telephone to William Marano's business. The call lasted one minute. At 1:47 p.m. (EST), a second call was placed from Rick Marano's telephone at S&P to William Marano's business. The call lasted four minutes. Loizzi began buying ReliaStar call option contracts within forty-five minutes of the end of that telephone call. William Marano began buying ReliaStar call option contracts within seventy minutes of the end of that telephone call.

22. As a consequence of his status as an employee with S&P and his agreement to be bound by its Code of Ethics, Rick Marano owed a fiduciary or other duty of trust and confidence to S&P and its clients to keep confidential all non-public information about the potential business transaction involving ReliaStar.

23. Rick Marano knew, or was reckless in not knowing, that the information he communicated to William Marano and/or Loizzi was non-public, and that his communication of that information was improper, in contravention of the S&P Code of Ethics, and in breach of the fiduciary or other duty of trust and confidence he owed to S&P and its clients.

24. Rick Marano knew or should have known that William Marano and Loizzi would either (1) effect transactions in the securities of ReliaStar, or (2) disclose the information to others who were likely to effect such transactions.

25. By tipping William Marano and/or Loizzi, Rick Marano conferred a gift of confidential information to William Marano and Loizzi and benefited thereby.

26. William Marano and Loizzi knew or should have known that the material, non-public information they received from Rick Marano concerning ING's potential business transaction involving ReliaStar was non-public, and that Rick Marano had disclosed the information in violation of a fiduciary or other duty of trust and confidence.

27. Between 2:00 p.m. and 4:00 p.m. (EST) on April 27, while in possession of material, non-public information, the defendants purchased significant quantities of ReliaStar call option contracts. Call option contracts for the purchase of common stock are issued in a series fixing the month the option expires and the strike price, which is the price at which the option can be exercised to purchase the underlying common stock. Each contract in an option series represents the right to purchase 100 shares of the company's common stock at the strike price at any time prior to the expiration of the contract. An option contract becomes worthless once it expires.

28. On April 27, 2000, between approximately 2:33 p.m. and 3:33 p.m. (EST), Rick Marano purchased a total of 60 May 35 ReliaStar call option contracts. This was Rick Marano's first purchase of ReliaStar options and, indeed, his first purchase of options ever. He failed to disclose the purchase of those ReliaStar securities to S&P, in violation of the S&P Code of Ethics.

29. On April 27, 2000, between approximately 3:01 p.m. and 3:11 p.m. (EST), William Marano purchased 100 May 35 ReliaStar call option contracts. This was William Marano's first purchase of ReliaStar securities.

30. On April 27, 2000, between approximately 2:25 p.m. and 3:30 p.m. (EST), Loizzi purchased 250 May 35 ReliaStar call option contracts, 50 May 30 ReliaStar call option contracts and 36 July 35 ReliaStar call option contracts.

31. Loizzi, William Marano and Rick Marano purchased 410 out of the 501 May 35 ReliaStar call option contracts purchased on April 27.

32. On April 28, before the public announcement of the ING acquisition, and while in possession of material, non-public information, at approximately 12:18 p.m. (EST), Loizzi purchased 40 May 30 ReliaStar call option contracts and 2,000 shares of ReliaStar common stock, and at approximately 12:36 p.m. (EST), William Marano purchased 39 May 30 ReliaStar call option contracts.

33. All of the May series of ReliaStar options that Rick Marano, William Marano and Loizzi bought were due to expire on May 20, roughly three weeks after they were purchased.

34. Later on April 28, news media reported that ING was close to finalizing a deal to acquire ReliaStar. Shortly thereafter, the NYSE halted trading of ReliaStar common stock pending further news of the reported proposed acquisition. ReliaStar then publicly confirmed that ING was purchasing the company for $54 per share. Based upon news of ING's proposed acquisition, ReliaStar's stock price jumped approximately 42% from an opening price of $31.75 to close on April 28 at $44 per share.

35. Loizzi, William Marano and Rick Marano each sold all of their ReliaStar call option contracts on May 1, 2000, and realized profits of approximately $557,000, $200,000 and $83,000, respectively. Loizzi also sold the 2,000 shares of ReliaStar common stock on May 1 for a profit of $39,085, giving him unlawful profits of just under $600,000.

The Defendants' Unlawful Trading In AGC Securities

36. Throughout March 2001, AIG conducted a number of confidential non-public meetings to formulate a strategy to purchase AGC. On April 2, 2001, a corporate officer of AIG contacted S&P regarding a potential transaction involving a life insurance company, which the AIG official did not name. AIG requested a private meeting with S&P that afternoon. S&P formed a rating team, which would be providing information to a rating committee, to work on the matter. The rating team, which included Rick Marano and other members of the Life Group, went to AIG's New York, New York offices on the afternoon of April 2. There, AIG provided Rick Marano and the other members of the rating team with the material, non-public information that the company intended to acquire AGC. AIG specifically requested that the S&P rating committee prepare certain financial ratings that would show the effect of the transaction on AIG's ratings prior to the issuance of a press release announcing the proposed acquisition. AIG stated that the company intended to release the press release announcing the transaction after the close of the market on April 3.

37. On April 2 or April 3, 2001, S&P formed a rating committee for AIG, and Rick Marano was assigned to the rating committee. After internal meetings and another

meeting with AIG, the rating committee, with Rick Marano's participation, decided on the afternoon of April 3 to affirm all pre-existing S&P ratings for AIG; thus, AIG's ratings would not change after it made the offer to acquire AGC. All of the information S&P obtained in connection with the potential acquisition of AGC was non-public.

38. On April 2 and/or April 3, 2001, Rick Marano tipped Loizzi and/or William Marano with material non-public information regarding AIG's potential business transaction involving AGC.

39. As a consequence of his status as an employee with S&P and his agreement to be bound by its Code of Ethics, Rick Marano owed a fiduciary or other duty of trust and confidence to S&P and its clients to keep confidential all non-public information about the potential business transaction involving AGC.

40. Rick Marano knew, or was reckless in not knowing, that the information he communicated to William Marano and/or Loizzi was non-public, and that his communication of that information was improper, in contravention of the S&P Code of Ethics, and in breach of the fiduciary or other duty of trust and confidence he owed to S&P and its clients.

41. Rick Marano knew or should have known that William Marano and Loizzi would either (1) effect transactions in the securities of AGC, or (2) disclose the information to others who were likely to effect such transactions.

42. By tipping William Marano and/or Loizzi, Rick Marano conferred a gift of confidential information to William Marano and Loizzi and benefited thereby.

43. William Marano and Loizzi knew or should have known that the material, non-public information they received from Rick Marano concerning AIG's potential business transaction involving AGC was non-public and that Rick Marano had disclosed the information in violation of a fiduciary or other duty of trust and confidence.

44. On the morning of April 3, 2001, while in possession of material, non-public information, Loizzi and William Marano purchased AGC call option contracts. Loizzi, between approximately 9:43 and 10:50 a.m. (EST), purchased 250 April 37.5, 526 April 40 and 250 May 37.5 AGC call option contracts. William Marano, at approximately 10:50 a.m. (EST), purchased 80 April 40 AGC call option contracts. Loizzi and William Marano purchased 606 of the 614 April 40 AGC call option contracts purchased on April 3. This was the first time either William Marano or Loizzi had ever purchased AGC securities.

45. Later on April 3, after the close of regular-session trading, and after William Marano and Loizzi had made their options purchases, AIG announced that it would acquire AGC. AGC shares closed at $36.80 on April 3 on the NYSE, but, based upon news of AIG's proposed acquisition, rose $6.20 to $43 per share in after hours Instinet trading. On April 4, AGC shares opened at $42.50, up $5.70, or more than 15%, from the previous day's close. AGC closed on April 3 at $42.

46. William Marano and Loizzi sold their AGC call option contracts on April 4, and earned profits of approximately $253,000 and $20,000, respectively.

CLAIM FOR RELIEF

Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] And Rule 10b-5 Thereunder [17 C.F.R. § 240.10b-5])

47. Paragraphs 1 through 46 are realleged and incorporated herein by reference.

48. By their conduct described above, the defendants, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce or of the mails, directly or indirectly, (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices, or courses of business which operated as a fraud or deceit upon other persons. By reason of the foregoing, the defendants violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

Permanently restrain and enjoin the defendants and their agents, servants, employees, attorneys-in-fact, and assigns and those persons in active concert or participation with them, and each of them, from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

II.

Order each defendant who purchased and sold ReliaStar and/or AGC securities to disgorge his trading profits from each illegal trade, including prejudgment interest thereon.

III.

Order each defendant to disgorge all profits, including prejudgment interest thereon, realized by (i) the persons to whom that defendant unlawfully communicated material, nonpublic information, and (ii) the persons who traded while in possession of material nonpublic information learned as a result of that defendant's unlawful communication of material nonpublic information.

IV.

Order each of the defendants to pay civil penalties pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1].

V.

Grant such other relief as this Court may deem just and appropriate.

Dated: July ____, 2004

Respectfully submitted,

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