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U.S. ANNOUNCES ARREST OF AIG OFFICER AND
TWO OTHERS IN MAIL FRAUD SCHEME

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and MARK J. MERSHON, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced the arrest today of JOHN J. FALCETTA, GARY J. SANTONE, and THOMAS R. POMBONYO, in connection with a scheme to defraud American International Group, Inc. ("AIG") of over one million dollars. A fourth defendant, JUSTIN BROADBENT, has not yet been apprehended. According to the Complaint filed in Manhattan federal court:

FALCETTA worked at AIG in Manhattan as a Vice President of Human Resources within AIG's life insurance division, from September 2005 to August 2007. As such, FALCETTA was authorized, on behalf of AIG, to retain outside search agencies, colloquially known as "headhunters," in order to fill certain vacant positions within AIG. FALCETTA had authority to add vendors to AIG's approved list of search agencies. FALCETTA also was authorized to approve for payment invoices submitted to AIG by such search agencies. No other approvals besides FALCETTA's were required for payments of \$50,000 or less.

FALCETTA added as vendors four companies that purported to be "search agencies": Broadbent Advisory Group, whose principal was BROADBENT; G. Santone Associates, whose principal was SANTONE; and Enterprise Business Group and Global Search Affiliates, Inc., whose principal was POMBONYO. FALCETTA had relationships with BROADBENT, SANTONE, and POMBONYO that pre-existed any purported business relationship any of their respective companies had with AIG. FALCETTA arranged with

BROADBENT, SANTONE, and POMBONYO for them to submit invoices in the names of their respective companies, charging AIG for services purportedly undertaken in connection with search efforts for employee positions with AIG; however, those services never were undertaken. Instead, FALCETTA approved payment for sham services by these sham companies, and then received kickbacks in return, issued by each of BROADBENT, SANTONE, and POMBONYO, in the names of their respective companies, to a sole proprietorship used by FALCETTA, called "Human Capital Management Partners."

BROADBENT submitted invoices to AIG, requesting payment of at least approximately \$479,000. FALCETTA approved for payment four of those invoices, in the total amount of \$120,000, which payments in fact were mailed by AIG to BROADBENT. The balance of the invoices were unpaid because AIG received them via Federal Express immediately following FALCETTA's termination on August 20, 2007. In return, BROADBENT issued a check for \$79,200, to "Human Capital Management Partners," which was apparently endorsed and deposited by FALCETTA.

SANTONE submitted invoices to AIG, requesting payment of at least approximately \$320,594.60. FALCETTA approved for payment all of those invoices, which payments in fact were mailed by AIG to SANTONE. In return, SANTONE issued three checks totaling \$207,276, to "Human Capital Management Partners," which were apparently endorsed and deposited by FALCETTA.

POMBONYO submitted invoices to AIG, requesting payment of at least approximately \$674,886. FALCETTA approved for payment all of those invoices, which payments in fact were mailed by AIG to POMBONYO. In return, POMBONYO issued at least five checks totaling \$176,000, to "Human Capital Management Partners," which were apparently endorsed and deposited by FALCETTA.

FALCETTA, SANTONE, and POMBONYO were presented earlier today in federal courts in Boston, Philadelphia, and Manhattan, respectively.

Mr. GARCIA praised the investigative work of the FBI, including its Lakeville, Massachusetts, satellite office. Mr. GARCIA also said that the investigation is continuing.

The charges contained in the Complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

Assistant United States Attorney E. DANYA PERRY is in charge of the prosecution.

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