
Ex-employees of AIG's Financial Products unit might sue over lower payouts

By Paritosh Bansal
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NEW YORK -- Several former American International Group employees might sue the insurer after it gave them less retention bonus money than they should have received, their attorneys said Monday.

AIG is holding back \$21 million from retention bonuses for current and former employees of its Financial Products unit. That unit nearly caused the insurer's collapse in September 2008.

The insurer is asking former employees who are eligible for the payout what they earned after leaving AIG so it can reduce the retention bonus payments by that amount, said Gary Phelan, a partner at law firm Outten & Golden, which represents eight current and former employees.

"They have asked them a series of questions, explaining that this is part of their due diligence," Phelan said. "But those same questions have been asked and answered before already."

"They've had several months to determine whether or not any payment should be offset," Phelan said. "Unless there's a very quick payment made of the balance, 25 percent, I think [a lawsuit] is

inevitable."

Andrew Goodstadt, a partner at Thompson Wigdor & Gilly, which is representing about a dozen current and former employees, said they were also considering all options.

AIG declined to comment.

The company, which is nearly 80 percent owned by the U.S. government, is paying out \$46 million to about 70 people, most of whom are former employees of the Financial Products unit.

The latest cuts in retention payments are part of its efforts to meet a \$45 million giveback target that was set after AIG paid out \$165 million last year in bonuses to Financial Products employees.

The plans to pay the bonuses caused a public outcry because AIG was making the payments after the U.S. government used billions of dollars in taxpayer money to bail out the company.

By Monday, AIG was due to pay out \$195 million. But many Financial Products employees, including almost all staff eligible for the payments, agreed last month to take a further cut of \$20 million in return for early payment.

The payments being made now are for the remaining employees who were eligible.

-- Reuters