



\$5.6 Million Settlement in Securities Fraud Case Against Former Tyco Board Member

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Office of The Attorney General - Anne Milgram, Attorney General

For Further Information: David Wald or Lee Moore 609-292-4791 TRENTON – Attorney General Anne Milgram today announced that former Tyco International Ltd. board member Frank E. Walsh Jr. has agreed to pay the state \$5.6 million to settle a long-standing civil suit brought by the state against Tyco that alleged securities fraud and other causes of action.

The state had charged among other things that Walsh, an independent director, had taken an improper payment that was not disclosed to investors in connection with Tyco's acquisition of CIT in 2001. Walsh made no admission of wrongdoing or liability in settling the state's suit.

The suit was filed in 2002 on behalf of the Division of Investment in the state Treasury Department against Tyco, the company's auditors, and several individuals, including Walsh. The complaint charged that state pension funds had suffered significant losses due to fraud, insider trading at Tyco, the failure to disclose millions of dollars in personal loan benefits and accounting improprieties.

Tyco International settled with the state for \$73.25 million in April 2008.

PricewaterhouseCoopers LLP and its Bermuda affiliate settled for \$5.85 million in March 2009.

“These are significant recoveries for our state pension funds,” Attorney General Milgram said. “This latest settlement demonstrates our commitment to safeguarding New Jersey’s financial interests and protecting the state’s investments from fraud, holding corporations and individuals accountable.”

“This settlement represents another reminder of New Jersey’s vigilance to hold companies and their officers accountable for their conduct when they are entrusted with our pension fund’s investments,” said Treasurer David Rousseau.

“It is also testament,” Rousseau said, “to the strong working relationship on securities matters between the Attorney General’s Office and the Division of Investment.”

The state’s original lawsuit is still pending against former Tyco CEO L. Dennis Kozlowski and former Tyco Chief Financial Officer Mark H. Swartz.

Kozlowski and Swartz were convicted in New York in 2005 on criminal charges for giving themselves unauthorized corporate bonuses, abusing loan programs and selling Tyco stock at inflated prices after misleading investors about the company’s finances.

The Walsh settlement was handled for the state by the law firms of Shalov Stone Bonner & Rocco and **Riker, Danzig, Scherer, Hyland & Perretti**. Assistant Attorney General Carol G. Jacobson and Deputy Attorney General Samuel Cornish of the Division of Law acted as liaison with outside counsel.

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Practices:

Securities Litigation, Arbitration, Regulation and Investigations · Litigation