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**NEWS RELEASE**



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## STATE SUES TO RECOVER WORLDCOM LOSSES

(Juneau) -- Attorney General Gregg Renkes announced today that the state has filed suit against several major financial institutions that the state claims violated federal law by participating in the issuance of false or misleading documents related to the sale of WorldCom bonds.

State funds, including Alaska pension funds and the constitutional budget reserve, lost approximately \$26 million when the serious business problems confronting the telecommunications company became known, and the value of WorldCom bonds collapsed. WorldCom has since filed for bankruptcy, and two company executives have pleaded guilty to federal securities fraud charges.

The lawsuit, filed in Juneau Superior Court on behalf the Alaska Department of Revenue and the Alaska State Pension Investment Board ("ASPIB"), seeks to recover funds lost as the result of plummeting bond prices. The Department of Revenue and ASPIB purchased WorldCom bonds based on false and misleading financial information in the bond documents provided by the defendants, the lawsuit states. The lawsuit contends the defendants failed to meet their duty to ensure that the contents of the bond documents were true and not misleading.

Defendants in the suit are: Citigroup Inc., Salomon Smith Barney Inc., J.P. Morgan Securities, Inc., Bank of America Corp., Banc of America Securities LLC, ABN AMRO Inc., Deutsche Bank AG, Deutsche Banc Alex. Brown Inc., Lehman Brothers Holdings, Inc., Lehman Brothers Inc., Credit Suisse Group, Credit Suisse First Boston Corp., Goldman Sachs Group, Inc., Goldman Sachs & Co., UBS Warburg LLC, Nationsbanc Montgomery Securities LLC, and Arthur Anderson LLP.

"These defendants failed to meet their obligation to fully inform potential bond holders about WorldCom's true financial condition," Renkes said. "We hope to restore money to the State of Alaska's funds and send Wall Street a message that we will hold them accountable if they abandon honesty for profits. We will do all we can, on a cost/benefit basis to recover these losses."

ASPIB representatives have emphasized that the pension-fund losses will not jeopardize pension payments to state retirees. The Department of Revenue was able to

sell the WorldCom bonds in time to recover about 69 percent of their original purchase price.

The Alaska lawsuit is similar to several other cases filed in state courts around the country by public pension funds that lost money in the WorldCom bond collapse. Renkes has hired a San Diego law firm that specializes in securities matters, Milberg Weiss Bershad Hynes & Lerach LLP, to handle the litigation.

Press inquiries may be directed to Assistant Attorney General Mike Barnhill, 465-4118.

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