UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF CONNECTICUT

IN RE HARTFORD FIN. SVC. GROUP INC. ERISA LITIG.	MASTER FILE: 3:08-CV-01708(PCD) THIS DOCUMENT RELATES TO: ALL ERISA ACTIONS March 23, 2009

CONSOLIDATED CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT

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Plaintiffs bring this action on behalf of themselves, The Hartford Investment and Savings Plan (the "Plan") and a class of similarly situated participants and beneficiaries of the Plan (the "Participants"). The allegations contained herein are based on the investigation of counsel, except for those allegations pertaining to the Plaintiffs, which are based upon personal knowledge. For their Consolidated Class Action Complaint for Violations of the Employee Retirement Income Security Act (the "Complaint"), Plaintiffs allege as follows:

1. During the time period relevant to this Complaint, Plaintiffs were participants in the Plan established for the benefit of the employees of The Hartford Financial Services Group, Inc. (hereinafter "The Hartford" or the "Company"). Plaintiffs bring this civil enforcement action under Sections 502(a)(2) and (a)(3) of the Employee Retirement Income Security Act ("ERISA"), 29 U.S.C. § 1132(a)(2) and (a)(3), for relief on behalf of the Plan and the Participants, for whose individual accounts the Plan held shares of The Hartford Financial Services Group, Inc. Common Stock Fund ("The Hartford Stock Fund" or "Fund"), which in part invested in the common stock of The Hartford at any time from December 10, 2007 to the present (the period from December 10, 2007 to the present (the "Class Period").

2. As more fully set forth below, Defendants breached their fiduciary duties to the Participants, including those fiduciary duties set forth in ERISA § 404, 29 U.S.C. § 1104, and Department of Labor ("DOL") Regulations, including 29 C.F.R. § 2550. Defendants breached their fiduciary duties to the Participants in various ways, including, but not limited to, (i) allowing the investment of Plan assets in the Fund and Fund assets in The Hartford common stock when The Hartford common stock was not a prudent

investment for retirement accounts; (ii) misrepresenting and failing to disclose material facts to the Participants in connection with the management of Plan assets; (iii) failing to exercise their fiduciary duties to the Participants solely in the interests of the Participants for the exclusive purpose of providing benefits to the Participants; and (iv) failing to properly appoint and monitor the Plan's other fiduciaries.

3. In particular, throughout the Class Period, Defendants knew or should have known that the Fund was an imprudent Plan investment, due to: (a) the Company's exposure to losses from residential and commercial mortgage-backed securities in its investment portfolios; (b) the Company's exposure to investment losses due to investments in the troubled financials market, including investments in Lehman Brothers, AIG, Fannie Mae, Freddie Mac and Washington Mutual; (c) the Company's exposure to decreasing capital levels, due to deterioration in asset values and a decline in earnings; (d) the effect of these problems on The Hartford's variable annuity business; and (e) the fact that heavy investment of retirement savings in the Fund would inevitably result in significant losses to the Plan, and consequently, to its participants. Nonetheless, Defendants failed to adequately protect against the heavy investment of Participants' retirement savings in the Fund and the Fund's investment in The Hartford common stock.

4. As a result of these wrongful acts, pursuant to ERISA § 409(a), 29 U.S.C. § 1109(a), Defendants are personally liable to make good to the Plan the losses resulting from each such breach of fiduciary duty. Insofar as any Defendant is sued alternatively as a knowing participant in a breach of fiduciary duty for equitable relief, Plaintiffs intend to proceed pursuant to § 502(a)(3) of ERISA (29 U.S.C. § 1132(a)(3)).

I. JURISDICTION AND VENUE

5. Plaintiffs' claims arise under and pursuant to ERISA § 502, 29 U.S.C. § 1132.

6. This Court has jurisdiction over this action pursuant to ERISA § 502(e)(1), 29 U.S.C. § 1132(e)(1).

7. Venue is proper in this District pursuant to ERISA § 502(e)(2), 29 U.S.C. § 1132(e)(2), because this is a District where the Plan was administered, where breaches of fiduciary duty took place and/or where one or more Defendants reside or may be found.

II. PARTIES

A. Plaintiffs

8. **Plaintiff Douglas W.J. Ninow** is a Plan Participant within the meaning of ERISA §§ 3(7) and 502(a), 29 U.S.C. §§ 1002(7) and 1132(a), and has held Fund shares in his retirement investment account in the Plan during the Class Period.

9. **Plaintiff S. Carl Morello** is a Plan Participant within the meaning of ERISA §§ 3(7) and 502(a), 29 U.S.C. §§ 1002(7) and 1132(a), and has held Fund shares in his retirement investment account in the Plan during the Class Period.

10. **Plaintiff Betsy C. Dobson** is a Plan Participant within the meaning of ERISA §§ 3(7) and 502(a), 29 U.S.C. §§ 1002(7) and 1132(a), and has held Fund shares in her retirement investment account in the Plan during the Class Period.

11. **Plaintiff Suzanne Richard** is a Plan Participant within the meaning of ERISA §§ 3(7) and 502(a), 29 U.S.C. §§ 1002(7) and 1132(a), and has held Fund shares in her retirement investment account in the Plan during the Class Period.

12. **Plaintiff Margaret Mundy** is a Plan Participant within the meaning of ERISA §§ 3(7) and 502(a), 29 U.S.C. §§ 1002(7) and 1132(a), and has held Fund shares in her retirement investment account in the Plan during the Class Period.

13. **Plaintiff Joe DeSalvo** is a Plan Participant within the meaning of ERISA §§ 3(7) and 502(a), 29 U.S.C. §§ 1002(7) and 1132(a), and has held Fund shares in his retirement investment account in the Plan during the Class Period.

14. **Plaintiff Denise Jump** is a Plan Participant within the meaning of ERISA §§ 3(7) and 502(a), 29 U.S.C. §§ 1002(7) and 1132(a), and has held Fund shares in her retirement investment account in the Plan during the Class Period.

15. **Plaintiff Frank A. DeJesu** is a Plan Participant within the meaning of ERISA §§ 3(7) and 502(a), 29 U.S.C. §§ 1002(7) and 1132(a), and has held Fund shares in his retirement investment account in the Plan during the Class Period.

B. Defendants

The Hartford Defendants

16. **Defendant The Hartford** is a Delaware corporation, with its principal executive offices located at One Hartford Plaza, H01-142, Hartford, Connecticut 06155-1707. Together with its subsidiaries, The Hartford provides investment products, life insurance, group benefits, automobile and homeowners products, and business and property-casualty insurance to both individual and commercial customers in the United States and internationally.

17. **Defendant Hartford Fire Insurance Company** ("Hartford Fire"), a Connecticut corporation, is a wholly owned subsidiary of The Hartford. During the Class Period, Hartford Fire was the Plan sponsor. *See* Plan Form 5500 filed with the

DOL and the Department of the Treasury Internal Revenue Service (the "IRS") for the calendar year 2007 (the "2007 Plan Form 5500").

Hartford Fire Director Defendants

18. **Defendant Hartford Fire Board of Directors** (the "Hartford Fire Board"), the governing body of Hartford Fire, has had the authority to and did appoint members of the Pension Administration Committee (the "Administration Committee") and the Investment and Savings Plan Investment Committee (the "Investment Committee), responsible for administering and managing the Plan and/or its assets during the Class Period. The Hartford Fire Board Defendants consisted of senior officers of The Hartford at all relevant times.

19. **Defendant Ramani Ayer ("Ayer")** served as the Chairman of the Hartford Fire Board during the Class Period until June 26, 2007. Defendant Ayer has also served as the Chairman of the Board of Directors and the Chief Executive Officer ("CEO") of The Hartford since February 1, 1997. Previously, Defendant Ayer served as Executive Vice President of The Hartford from December 1995 to February 1997 and as President and Chief Operating Officer of Hartford Fire from 1990 to February 1997. Defendant Ayer has also been a director of The Hartford since 1991.

20. **Defendant Thomas M. Marra ("Marra")** has served as the Chairman of the Hartford Fire Board during the Class Period since June 26, 2007. Defendant Marra also serves as the President and Chief Operating Officer of The Hartford.

21. **Defendant David M. Johnson ("Johnson")** served as a director of Hartford Fire during the Class Period until June 15, 2008. Until May 2008, Defendant Johnson was the Executive Vice President and Chief Financial Officer of The Hartford.

22. **Defendant David M. Znamierowski ("Znamierowski")** served as a director of Hartford Fire during the Class Period until October 8, 2008. Until October 2008, Defendant Znamierowski was the Executive Vice President, Chief Investment Officer of The Hartford.

23. **Defendant Neal S. Wolin ("Wolin"**) served as a director of Hartford Fire during the Class Period from June 26, 2007 until February 15, 2009. Until February 2009, Defendant Wolin was the President and Chief Operating Officer of Property and Casualty Operations and prior to June 2007, he was the Executive Vice President, General Counsel of The Hartford.

24. **Defendant Michael J. Dury ("Dury")** has served as a director of Hartford Fire during the Class Period since June 15, 2008. Defendant Drury is the Chief Financial Officer of Property & Casualty Operations of The Hartford.

25. **Defendant Gregory McGreevey ("McGreevey")** has served as a director of Hartford Fire during the Class Period since October 8, 2008. Defendant McGreevy also serves as the President of the Hartford Investment Management Company and as the Executive Vice President, Chief Investment Officer of The Hartford**.**

26. **Defendant John N. Giamalis ("Giamalis")** has served as a director of Hartford Fire during the Class Period since February 26, 2009. Defendant Giamalis is the Senior Vice President and the Treasurer of The Hartford.

27. Defendants Ayer, Marra, Johnson, Znamierowski, Wolin, Dury, McGreevey and Giamalis, are hereinafter collectively referred to herein as the "Hartford Fire Board Defendants."

Plan Administrator Defendant

28. **Defendant Lynn Farrell ("Farrell")** was the Vice President, Human Resources at The Hartford and served as the designated Plan Administrator during the Class Period. *See* 2007 Plan Form 5500.

The Administration Committee Defendants

29. **Defendant Administration Committee** was charged during the Class Period with general supervision and administration of the Plan and/or its assets. The Administration Committee, upon information and belief, was comprised of senior employees, officers, or directors of The Hartford or Hartford Fire. During the Class Period, the Administration Committee members were appointed by the Hartford Fire Board.

30. **Defendant Karen Macke ("Macke")** Karen Macke was Senior Vice President, Rewards and Human Resources Operations at The Hartford and served as the Chairwoman of the Administration Committee during the Class Period.

31. **Defendant Ann de Raismes ("Raismes")** was the Company's Vice President, Human Resources at The Hartford and served as a member of the Administration Committee during the Class Period, until her resignation on November 30, 2007.

32. **Defendant Farrell** has served as a member of the Administration Committee during the Class Period.

33. **Defendant Giamalis** was Senior Vice President, Treasurer of The Hartford and served as a member of the Administration Committee during the Class

Period.

34. **Defendant Craig Morrow ("Morrow**") was an Actuary at the Hartford and served as a member of the Administration Committee during the Class Period.

35. **Defendant Craig Raymond ("Raymond")** was Senior Vice President, Enterprise Risk Management at the Hartford and served as a member of the Administration Committee during the Class Period.

36. Defendants Macke, Raismes, Farrell, Giamalis, Morrow and Raymond, together with the Administration Committee are hereinafter collectively referred to herein as the "Administration Committee Defendants."

The Investment Committee Defendants

37. **Defendant Investment Committee** was charged during the Class Period with managing Plan assets designating investment funds for the Plan, establishing rules and procedures with respect to the Plan's investment funds and monitoring the performance of the Plan's investments. The Investment Committee, upon information and belief, was comprised of senior employees, officers, or directors of Hartford or Hartford Fire. During the Class Period, the Investment Committee members were appointed by the Hartford Fire Board.

38. **Defendant Farrell** has served as the Chairwoman of the Investment Committee during the Class Period.

39. **Defendant William Bowman ("Bowman")** was Senior Vice President, Hartford Investment Management Co. and served as a member of the Investment Committee during the Class Period, beginning January 16, 2009.

40. **Defendant Michael Bruder ("Bruder")** served as a member of the

Investment Committee during the Class Period, until his resignation on October 23, 2008.

41. **Defendant Christopher Hanlon ("Hanlon")** was Executive Vice President at the Hartford and served as a member of the Investment Committee during the Class Period, until his resignation on October 1, 2008.

42. **Defendant Kate Jorens ("Jorens")** served as a member of the Investment Committee during the Class Period.

43. **Defendant Thomas Keene ("Keene")** was President, Hartford Investment Management Company and served as a member of the Investment Committee during the Class Period, until his resignation on January 29, 2009.

44. **Defendant Morrow** served as a member of the Investment Committee during the Class Period, until his resignation on October 15, 2008.

45. Defendants Ferrell, Bowman, Bruder, Hanlon, Jorens, Keene, Medina and Morrow, together with the Investment Committee are hereinafter collectively referred to herein as the "Investment Committee Defendants."

The Hartford Stock Fund Fiduciary Defendants

46. **Defendant Evercore Wealth Management LLC ("Evercore")** served during a portion of the Class Period as The Hartford Stock Fund Fiduciary, as that term is defined by the Plan document, as amended and restated as of January 1, 2009 (the "2009 Plan Document"), Art. 8, § 8.1, for the assets of the Plan that consist of The Hartford stock held in The Hartford Sock Fund. Defendant Evercore was appointed as The Hartford Stock Fund Fiduciary by "the Company," defined as "The Hartford and Hartford Fire" in the 2009 Plan Document. *Id.*, Art. 2.

47. **Defendant Investment Committee** served during all or a portion of the Class Period as The Hartford Stock Fund Fiduciary, as that term is defined by the 2009 Plan Document, Art. 8, § 8.1, for the assets of the Plan that consist of The Hartford stock held in The Hartford Sock Fund. Defendant Investment Committee was appointed as The Hartford Stock Fund Fiduciary by "the Company," defined as "The Hartford and Hartford Fire" in the 2009 Plan Document. *Id.*, Art. 2.

48. Defendants Evercore and Investment Committee are hereinafter collectively referred to herein as the "The Hartford Stock Fund Fiduciary Defendants."

John Doe Defendants

49. **Defendants John Does 1-10** are additional The Hartford and Hartford Fire officers, directors, employees, members of the Plan Committees and/or any other committees, who have served as fiduciaries of the Plan during the Class Period, and whose identities are presently unknown to Plaintiffs. Once their identities are ascertained, Plaintiffs will seek leave to join them under their true names.

50. The defendants named *supra* are hereinafter collectively referred to herein as the "Defendants."

III. DEFENDANTS' FIDUCIARY STATUS

A. The Nature of Fiduciary Status

51. ***Named Fiduciaries***. ERISA requires every plan to provide for one or more named fiduciaries who will have "authority to control and manage the operation and administration of the plan." ERISA § 402(a)(1), 29 U.S.C. § 1002(21)(A).

52. ***De Facto Fiduciaries***. ERISA treats as fiduciaries not only persons explicitly named as fiduciaries under ERISA § 402(a)(1), but also any other persons who

in fact perform fiduciary functions. Thus, a person is a fiduciary to the extent he or she "(i) [] exercises any discretionary authority or discretionary control respecting management of such plan or exercises any authority or control respecting management or disposition of its assets, (ii) [] renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of such plan, or has any authority or responsibility to do so, or (iii) [] has any discretionary authority or discretionary responsibility in the administration of such plan." ERISA § 3(21)(A), 29 U.S.C. § 1002(21)(A).

53. Each Defendant was a fiduciary with respect to the Plan and owed fiduciary duties to the Plan and its Participants under ERISA in the manner and to the extent set forth in the Plan documents, through their conduct, and under ERISA. As fiduciaries, Defendants were required by ERISA § 404(a)(1), 29 U.S.C. § 1104(a)(1), to manage and administer the Plan, as well as the Plan's investments, solely in the interest of Plan Participants and beneficiaries. As fiduciaries, Defendants were required to act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. ERISA § 404(a)(1)(B), 29 U.S.C. § 1104(a)(1)(B).

54. Plaintiffs do not allege that each Defendant was a fiduciary with respect to all aspects of Plan management and administration. Rather, as set forth below, Defendants were fiduciaries to the extent of the specific fiduciary discretion and authority assigned to or exercised by each of them, and, as further set forth below, the claims against each Defendant are based on such specific discretion and authority.

B. Defendants' Fiduciary Roles

Defendant Hartford

55. During the Class Period, Defendant The Hartford was a Plan fiduciary, within the meaning of ERISA, because it exercised discretionary authority or control in the administration and/or management of the Plan and/or its assets, and exercised discretionary authority and control with respect to the appointment of other Plan fiduciaries. Although The Hartford delegated many Plan management and administrative duties to Hartford Fire as well as the Administration and Investment Committees, it also retained some of these duties. For example, according to the 2009 Plan Document, the Company (defined as The Hartford and Hartford Fire in Art. 2) "shall appoint an independent named fiduciary and investment manager for the assets of the Plan that consist of The Hartford Stock held in The Hartford Stock Fund (the "Stock Fund Fiduciary") . . ." Art. 8, § 8.2. The Hartford also engaged in acts of Plan administration by communicating extensively with employees regarding the Company and Company stock, the single largest asset of the Plan.

56. At all relevant times, The Hartford acted through its directors, officers, employees, and subsidiaries, including the Hartford Fire Board, Hartford Fire, the Administration Committee, the Investment Committee, the Company's Human Resources, Treasury, Finance and Legal personnel, who performed Plan-related fiduciary functions, and, among their other duties, were responsible for oversight of the Plan's investment options, policies, and the performance of the Plan's investments, as well as the review of investment managers.

57. In their capacity to select and monitor investment options for the Plan, The

Hartford's employees, including members of the Administration and Investment Committees, had the discretion and authority to suspend, eliminate, or reduce any Plan investment, including investments in the Fund and the Fund's investment in The Hartford stock.

58. Upon information and belief, The Hartford's employees, including members of the Administration and Investment Committees, regularly exercised their authority to suspend, eliminate, reduce, or restructure the Plan's investments. Furthermore, the Administration and Investment Committees, on behalf of The Hartford, exercised responsibility for communicating with Participants regarding the Plan, and providing Participants with information and materials required by ERISA, including those materials incorporated into the Summary Plan Description ("SPD") of the Plan.

59. Upon information and belief, The Hartford exercised *de facto* authority and control with respect to the *de jure* responsibilities of the Hartford Fire Board, Hartford Fire, the Administration Committee, and the Investment Committee, and/or any other employee fiduciaries, making itself fully responsible for the prudent and loyal fulfillment of the *de jure* responsibilities assigned by the governing Plan documents to those Defendants.

60. Further, at all applicable times, The Hartford had effective control over the activities of its directors, officers and employees, including their Plan-related activities. The Hartford had the authority and discretion to hire and terminate said officers and employees. Accordingly, the actions of the Hartford Fire Board, Hartford Fire employees, the Administration and Investment Committees, and/or any other employee fiduciaries are imputed to The Hartford under the doctrine of *respondeat superior*, and

The Hartford is liable for these actions.

61. Furthermore, The Hartford had a fiduciary duty to provide its Plan appointees with complete and accurate information in its possession that it knew or reasonably should have known the monitored fiduciaries would need in order to prudently manage the Plan and its assets, or that could have an extreme impact on the Plan and the fiduciaries' investment decisions regarding the Plan.

62. Consequently, in light of the foregoing duties, responsibilities, and actions, The Hartford was a *de facto* fiduciary of the Plan within the meaning of ERISA § 3(21), 29 U.S.C. § 1002(21) during the Class Period.

Defendant Hartford Fire

63. During the Class Period, Defendant Hartford Fire was a Plan fiduciary, within the meaning of ERISA, because it exercised discretionary authority or control in the administration and management of the Plan, and/or the disposition of the Plan assets, and exercised discretionary authority and control with respect to the appointment of other Plan fiduciaries. Furthermore, Defendant Hartford Fire was the Plan sponsor at all relevant times. *See* 2007 Plan Form 5500.

64. Pursuant to The Hartford Investment and Savings Plan Trust Agreement, dated January 7, 2003 (the "Trust Agreement"), at p. 2:

> …***the authority to conduct the general operation and administration of the Plans is vested in the Company***, acting through its officers and employees and its Board, Board Committee, Committee, which shall include the Hartford Pension Fund Trust and Investment Committee as well as the Pension Administration Committee, or Plan Administrator, each as defined and as provided in the Plan, as "Administrator" of the Plans, who shall have the authorities and shall be subject to the duties with respect to the trust specified in the Plans and in this Trust Agreement.

65. The term "Plans" are defined in the Trust Agreement, § 1.4, as "The

Hartford Investment and Savings Plan and any other tax-qualified employee benefit plan or plans of the Company or the tax-qualified employee benefit plan or plans of any Employer that has adopted the trust as the funding vehicle for such plan or plans as the case may be."

66. The term "Company" is defined in the Trust Agreement at p. 1 as the Hartford Fire Insurance Company.

67. Besides being charged with the general operation and management of the Plan, Hartford Fire, through its Board, had the authority to and did appoint the members of the Administration and Investment Committees during the Class Period. *See* 2009 Plan Document, Art. 13, § 13.1. As such, Hartford Fire had a fiduciary duty to monitor the Plan-related activities of said appointees.

68. Additionally, Hartford Fire was a fiduciary according to the 2009 Plan Document, which states that the Company (defined as The Hartford and Hartford Fire in Art. 2) "shall appoint an independent named fiduciary and investment manager for the assets of the Plan that consist of The Hartford Stock held in The Hartford Stock Fund (the "Stock Fund Fiduciary") . . ." Art. 8, § 8.2.

69. Moreover, Hartford Fire had a fiduciary duty to provide its Plan appointees with complete and accurate information in its possession that it knew or reasonably should have known the monitored fiduciaries would need in order to prudently manage the Plan and its assets, or that could have an extreme impact on the Plan and the fiduciaries' investment decisions regarding the Plan. Under the basic tenets of corporate law, Hartford Fire is imputed with the knowledge its corporate parent, The Hartford, had regarding the misconduct alleged herein, as The Hartford ultimately

controlled the operations and business of Hartford Fire through key decision making.

70. Further, at all applicable times, Hartford Fire had effective control over the activities of its directors, officers and employees, including their Plan-related activities. Hartford Fire had the authority and discretion to hire and terminate said officers and employees. Accordingly, the actions of the Hartford Fire Board, Hartford Fire employees, the Administration and Investment Committees, and/or any other employee fiduciaries are imputed to Hartford Fire under the doctrine of *respondeat superior*, and The Hartford is liable for these actions.

71. Consequently, in light of the foregoing duties, responsibilities, and actions, Hartford Fire was a *de facto* fiduciary of the Plan within the meaning of ERISA § 3(21), 29 U.S.C. § 1002(21) during the Class Period.

Hartford Fire Director Defendants

72. During the Class Period, the Hartford Fire Director Defendants were Plan fiduciaries, within the meaning of ERISA, because they exercised discretionary authority or control in the administration and management of the Plan, and/or the disposition of the Plan assets, and exercised discretionary authority and control with respect to the appointment of other Plan fiduciaries. According to the Plan documents, at all relevant times, the Hartford Fire Board was responsible for appointing, monitoring and removing various Plan fiduciaries charged with Plan administration and management, including, without limitation, the members of the Administration and Investment Committees. Additionally, the Hartford Fire Board was charged with designating a Chair for the Administration as well as the Investment Committee, and with approval of resignation of the existing members of the Administration and the Investment Committees.

73. Specifically, the 2009 Plan Document provides that:

> The Board of Directors of Hartford Fire has appointed a Pension Administration Committee, an Investment and Savings Plan Investment Committee, and a Hardship Committee, each such Committee to be comprised of the number of members set forth herein. On and after June 1, 2004, each Committee in its discretion shall appoint additional members to the respective Committee and accept resignations from existing members, which appointments and acceptances will be final unless otherwise determined by the Board of Directors of Hartford Fire. Each Committee shall have a Chairman as designated by the Board of Directors of Hartford Fire prior to June 1, 2004 (or as subsequently designated by the Committee) from among its regular members, and shall also designate a Secretary who may be, but need not be, one of the members thereof. Any person so appointed may resign at any time by delivering his or her written resignation to the Secretary of Hartford Fire and the Chairman or Secretary of his or [*sic*] Committee."

Art. 13, § 13.1.

74. Throughout the Class Period, the Hartford Fire Director Defendants had the ultimate authority over the Plan-related activities of the Administration and Investment Committees, and were responsible for delegating or allocating additional authority, powers and responsibilities to the Administration and Investment Committees. The 2009 Plan Document provides that each Committee shall have the authority, powers and responsibilities set forth in the Plan, and shall also have such authority, powers and responsibilities as may from time to time be delegated or allocated to them by resolutions of the Board of Directors, including, but not limited to, powers reserved to the Board of Directors to the extent specifically delegated to a particular Committee by the Board of Directors. Art. 13, § 13.3.

75. Furthermore, the Hartford Fire Director Defendants had a fiduciary duty to provide their Plan appointees with complete and accurate information in their possession that they knew or reasonably should have known the monitored fiduciaries would need in order to prudently manage the Plan and its assets, or that could have an extreme

impact on the Plan and the fiduciaries' investment decisions regarding the Plan.

76. Consequently, in light of the foregoing duties, responsibilities, and actions, the Hartford Fire Board, including its members, Ayer, Marra, Johnson, Znamierowski, Wolin, Dury, McGreevey and Giamalis, was a *de facto* fiduciary of the Plan within the meaning of ERISA § 3(21), 29 U.S.C. § 1002(21) during the Class Period.

Defendant Plan Administrator

77. During the Class Period, Defendant Farrell was a Plan fiduciary, within the meaning of ERISA, because she exercised discretionary authority or control in the administration and management of the Plan, and/or the disposition of the Plan assets. During the Class Period, Defendant Farrell signed the Plan filings with the DOL, IRS and the Securities and Exchange Commission (the "SEC") as the Plan Administrator. *See*, *e.g*., 2007 Plan Form 5500; Form 11-K filed by the Plan on June 25, 2008 with the SEC (the "2008 Form 11-K"). Upon information and belief, at all relevant times, Defendant Farrell was charged with and exercised her administrative responsibilities pertaining to the Plan.

78. Specifically, according to the terms of the 2009 Plan Document:

> The Pension Administration Committee may delegate to the Plan Administrator or other administrator the responsibility of administering and operating the details of the Plan in accordance with the provisions of the Plan and any policies that may from time to time be established by the Pension Administration Committee. The Plan Administrator shall be Hartford Fire's Vice President, Employee Benefits (or successor or other person holding a similar position). Except as to matters which are required by law to be determined or performed by the Board of Directors, or which from time to time the Board of Directors may reserve to itself or allocate or delegate to officers of Hartford Fire or to another Committee, and except as otherwise provided in the Plan or by the Pension Administration Committee, the Plan Administrator shall have full discretionary authority to determine all questions

> and to make all factual determinations regarding any and all matters arising in the administration, interpretation and application of the Plan, including but not limited to the right to remedy possible ambiguities, inequities, inconsistencies or omissions, and including but not limited to questions of interpretation with respect to eligibility to participate, employment status, amount and timing of benefits payable under the Plan and all other definitions and questions of interpretation. Such determinations and interpretations shall be final, conclusive and binding on all parties who have a claim or interest under the Plan.

Art. 15, § 14.5.

79. Consequently, in light of the foregoing duties, responsibilities, and actions, Defendant Farrell was a *de facto* fiduciary of the Plan within the meaning of ERISA § 3(21), 29 U.S.C. § 1002(21), during the Class Period.

Defendant Administration Committee

80. During the Class Period, the Administration Committee, comprised of at least five persons,[1] and appointed by the Hartford Fire Board, was designated as the named fiduciary of the Plan within the meaning of Section 402(a) of ERISA. *See* the Plan document, as amended and restated as of January 1, 2008 (the "2008 Plan Document"), Art. 13, §§ 13.1-2. Besides being a named Plan fiduciary, the Administration Committee exercised discretionary authority or control in the administration and management of the Plan, and/or the disposition of the Plan assets at all relevant times. According to the governing Plan documents, the Administration Committee was expressly charged with administering the Plan. *See* 2008 Plan Document, Art. 14, § 14.2. Pursuant to the 2008 Plan Document:

> The Pension Administration Committee shall be responsible, except as otherwise expressly provided for general supervision of the administration of the Plan. Said Committee shall also have such authority, powers and responsibilities as are set forth in the Plan or may be delegated by the

[1] Under the 2008 Plan Document, "[n]otwithstanding any vacancies in memberships, the Pension Administration Committee may act so long as at least three memberships are filled." Art. 14, § 14.1

> Board of Directors. . . Said Committee shall also have the right to exercise powers reserved to the Board of Directors hereunder, including the right to amend the Plan. . .

81. In addition, the 2008 Plan Document provides that:

> Except as to matters which are required by law to be determined or performed by the Board of Directors, or which from time to time the Board of Directors may reserve to itself or allocate or delegate to officers of Hartford Fire or to another Committee, the Pension Administration Committee shall have the full discretionary authority to determine all questions and to make all factual determinations regarding any and all matters arising in the administration, interpretation and application of the Plan. . . Such determinations and interpretations shall be final, conclusive and binding on all parties who have a claim or interest under the Plan.

Art. 14 § 14.4.

82. Consequently, in light of the foregoing duties, responsibilities, and actions, the Administrative Committee, including its members Macke, Raismes, Farrell, Giamalis, Morrow and Raymond, was both a named and a de facto fiduciary of the Plan within the meaning of ERISA § 3(21), 29 U.S.C. § 1002(21) during the Class Period.

Defendant Investment Committee

83. During the Class Period, the Investment Committee, comprised of at least four persons,[2] and appointed by the Hartford Fire Board, was designated as the named fiduciary of the Plan within the meaning of Section 402(a) of ERISA. *See* 2008 Plan Document, Art. 13, §§ 13.1-2. Besides being a named Plan fiduciary, the Investment Committee exercised discretionary authority or control in the management of the Plan, and/or the disposition of the Plan assets at all relevant times. Under the 2008 Plan Document:

[2] Under the 2008 Plan Document, "[n]otwithstanding any vacancies in memberships, the Investment and Savings Plan Investment Committee may act so long as at least three memberships are filled." Art. 15, § 15.1.

> The Investment and Savings Plan Investment Committee shall be responsible, except as otherwise herein provided, for directing and coordinating all activity relating to the investment management of the assets of the Plan. Said Committee shall also have such authority, powers and responsibilities as are set forth in the Plan or may be delegated by the Board of Directors . . . including, but not limited to the following: (A) Establishment of one or more trusts for the Plan and any funding agreements for the Plan, (B) Selection and appointment of the Trustee and any funding agents, (C) Provision, consistent with the provisions of the Plan and applicable trusts, of direction to the Trustee, which may involve but need not be limited to direction of investment of all or a part of the Plan assets, and (D) appointment and provision for use of investment advisors and investment managers. In discharging the foregoing duties, the Investment and Savings Plan Investment Committee shall evaluate and monitor the investment performance of the Trustee and investment managers, if any.

Art. 15, § 15.2.

84. Among its other Plan-related duties and responsibilities, the Investment Committee was authorized by the 2008 Plan Document to add or eliminate any of the Plan investment options, including the Fund. *See* 2008 Plan Document, Art. 8, § 8.1. The 2009 Plan amendment provided for the Fund.

85. Effective January 1, 2009, after the filing of the individual complaints in the instant action, the terms of Section 8.1 of the governing Plan document pertaining to the scope of the Investment Committee's authority were amended to provide that, *inter alia*:

> Where a Stock Fund Fiduciary has been appointed to act in accordance with Section 8.1 of the Plan, the Investment and Savings Plan Investment Committee shall have no responsibility or authority to act with respect to the assets of the Plan that consist of The Hartford Stock held in The Hartford Stock Fund.

Art. 15, § 15.2. However, as discussed below, even following the January 2009 Plan amendments, the Investment Committee remains responsible for those Plan-related functions pertaining to the Fund that were entrusted to it in its capacity as the Hartford

Stock Fund Fiduciary, as that term is defined in the 2009 Plan Document, Art. 8, § 8.1

86. Pursuant to the Charter of the Investment Committee, which was adopted effective June 1, 2004, and can only be amended by the action of the Investment Committee, subject to the approval of the Hartford Fire Board, the Investment Committee is also charged with the following Plan-related duties and responsibilities:

> 1. Each member of the Committee is a fiduciary under ERISA with fiduciary duties and responsibilities in respect of the Plan, including, without limitation, to act prudently and to make decisions and take actions on behalf of the Plan solely in the best interest of participants and beneficiaries of the Plan.
>
> 2. When acting as a member of the Committee, each member of the Committee is required by law to act in the best interests of the Plan and such participants and beneficiaries. In such circumstances, to the extent that the interests of The Hartford Financial Services Group, Inc. or any [sic] its affiliated companies (each, a "Hartford Group Member") differ from those of the Plan or the participants and beneficiaries of the Plan, the members of the Committee shall be obligated to act in the best interest of the Plan and of such participants and beneficiaries.
>
> 3. The Committee should fulfill its fiduciary duties and responsibilities in a manner consistent with the requirements of ERISA and any other applicable law, including, without limitation, to avoid any non-exempt prohibited transaction as described in Section 406 of ERISA and to assure that the Plan complies with the applicable requirements of Section 407 of ERISA.
>
> 4. Each member of the Committee should share with the other members of the Committee any information that he or she may have that may not otherwise be available to such other members and that is relevant to the actions to be taken by the Committee.
>
> 5. The Committee shall meet as and when appropriate under the circumstances, but generally not less frequently than quarterly, to discuss and review any and all matters that are relevant to the performance of its duties in respect of the Plan.
>
> 6. The Committee may request that the proper officers or employees of any Hartford Group Member provide it with such information, reports, data or other assistance as the Committee may reasonably request to assist it in fulfilling its duties and obligations in respect of the Plan. The

Committee may retain such agents and advisors (including, without limitation, counsel) as it shall deem necessary or appropriate to assist it in the performance of its duties to the Plan.

7. The Committee shall monitor the performance of each investment alternative made available under the Plan, or such regular or periodic basis as shall be appropriate under the circumstances from time to time prevailing. When deemed necessary or appropriate, the Committee may retain an independent financial advisor to assist the Committee in evaluating the performance of any or all of the investment options under the Plan.

8. ***Based on the review of such performance, the Committee shall consider whether any investment option available for selection by participants (including, without limitation, any securities of any Hartford Group Member) has ceased to be a prudent investment or ceased to [sic] in the best interests of the participants and beneficiaries of such Plan.***

9. ***If the Committee concludes that any investment option is no longer prudent or in the best interest of the participants and beneficiaries under the Plan, the Committee shall take such actions as are (and over such period of time as is) prudent and reasonable to cease further investments in such investment option and, if appropriate, to eliminate such investment option. In any action that limits or eliminates the availability of any investment option, the Committee shall take such additional actions as are reasonable and appropriate to address the reinvestment of the assets of the Plan that had been (or would otherwise have been) invested in such investment option.***

10. The Committee shall monitor the performance of any person or entity appointed to provide services in respect of the Plan, or such regular or periodic basis as it shall determine to be appropriate in light of the circumstances from time to time prevailing.

11. The Committee may undertake such studies or evaluations that it determines to be necessary or appropriate for the Committee to fulfill properly its duties and obligations to the participants and beneficiaries of the Plan.

12. If the Committee concludes that it has a conflict of interest that is reasonably likely to interfere with its ability to perform properly its fiduciary duties and obligations in respect of the Plan, the Committee shall promptly take such actions as it shall deem to be reasonably necessary or appropriate under the circumstances then prevailing, including, without limitation, the appointment of an independent fiduciary to act on behalf of

> the Plan, to address such conflict and to assure that the interests of the Plan and its participants and beneficiaries are appropriately advanced despite the presence of such conflict.

(Emphasis added).

87. Consequently, in light of the foregoing duties, responsibilities, and actions, the Investment Committee, including its members Ferrell, Bowman, Bruder, Hanlon, Jorens, Keene, Medina and Morrow, was both a named and a *de facto* fiduciary of the Plan within the meaning of ERISA § 3(21), 29 U.S.C. § 1002(21) during the Class Period.

The Hartford Stock Fund Fiduciary Defendants

88. During the Class Period, the Hartford Stock Fund Fiduciary Defendants, including Evercore and the Investment Committee, appointed by The Hartford and Hartford Fire, were designated as the named fiduciaries of the Plan within the meaning of Section 402(a) of ERISA. *See* 2009 Plan Document, Art. 13, § 13.2.

89. Besides being named Plan fiduciaries, the Hartford Stock Fund Defendant exercised discretionary authority or control in the management of the Plan, and/or the disposition of the Plan assets at all relevant times. Specifically, under the terms of the 2009 Plan Document, the Hartford Stock Fund Defendant, along with other Defendants herein, were charged with management of Plan assets that consisted of The Hartford stock held in The Hartford Stock Fund. *See* 2009 Plan Document, Art. 8, § 8.1.

90. Consequently, in light of the foregoing duties, responsibilities, and actions, the Hartford Stock Fund Defendants, including Evercore and the Investment Committee, were both named and *de facto* fiduciaries of the Plan within the meaning of ERISA § 3(21), 29 U.S.C. § 1002(21) during the Class Period.

IV. DEFENDANTS' FIDUCIARY DUTIES UNDER ERISA

91. ERISA is a comprehensive statute covering virtually all aspects of an employee benefit plan, including retirement savings plans, such as the Plan. The goal of ERISA is to protect interstate commerce and the interests of participants in employee benefit plans and their beneficiaries, by requiring the disclosure and reporting to participants and beneficiaries of financial and other information with respect thereto, by establishing standards of conduct, responsibility, and obligation for fiduciaries of employee benefit plans, and by providing for appropriate remedies, sanctions, and ready access to the Federal courts.

92. Under ERISA, those responsible for employee benefit plan management stand in a fiduciary relationship to a plan's participants. Pursuant to ERISA, a "fiduciary" is defined broadly to include all persons or entities able to exercise discretionary authority over the management of a plan or the payment of benefits. ERISA § 3(21).

93. ERISA imposes on Defendants responsible for the Plan the requirement to "discharge his [or her] duties with respect to a plan solely in the interest of the participants and their beneficiaries and . . . with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." ERISA § 404(a)(1)(B).

94. ERISA also imposes on Defendants responsible for the Plan, a duty of loyalty, requiring Defendants to "discharge [their] duties with respect to a plan solely in the interest of the participants and their beneficiaries and . . . for the exclusive purpose of

. . . providing benefits to the participants and their beneficiaries." ERISA § 404(a)(1)(A)(i).

95. Other duties imposed upon Defendants, who are fiduciaries under ERISA, by virtue of their exercise of authority or control respecting the management of the Plan or disposition of the Plan's assets, include but are not limited to:

a) The duty to investigate and evaluate the merits of decisions affecting the use and disposition of Plan's assets;

b) The duty to conduct an independent and thorough investigation into, and to monitor continually, the merits of all the investment alternatives of the Plan, including Plan holdings of the Fund and the Fund's holdings of The Hartford stock, to ensure that each investment was a suitable option for the Plan;

c) The duty to evaluate all investment decisions, including investment in the Fund and the Fund's investment in The Hartford stock, with "an eye single" to the interests of the Plan participants and beneficiaries, regardless of the interests of the fiduciaries themselves or the Plan's sponsor;

d) The duty to avoid conflicts of interest and to resolve them promptly when they occur;

e) The duty to avoid placing themselves in a position where their acts as officers, directors, or employees of the Company will prevent their functioning with the complete loyalty to participants demanded of them as fiduciaries and, if they find themselves in such a position, to seek independent, unconflicted advice;

f) The duty under appropriate circumstances, to monitor or influence the management of the companies, including The Hartford, in which the Plan own stock, including;

g) To the extent that a party is responsible for appointing and removing fiduciaries, the duty to monitor those persons who have been named; and

h) The duty to disclose and inform of any material adverse information about the Company which duty entails, among other things: (1) the duty not to make materially false and misleading statements or misinform the participants; (2) the affirmative duty to inform the participants about material adverse factors which were affecting the Company any time the fiduciary knew or should have known, pursuant to his duty to investigate, that failing to make such a disclosure might be harmful; and (3) the duty to convey complete and accurate information material to the circumstances of Plan participants and their beneficiaries.

V. THE PLAN

A. Nature of the Plan

96. The Plan is an "employee pension benefit plan[s]" within the meaning of ERISA § 3(2)(A), 29 U.S.C. § 1002(2)(A). Further, it is a defined contribution plan within the meaning of ERISA § 3(34), 29 U.S.C. § 1002(34), and also a "qualified cash or deferred arrangement" within the meaning of I.R.C. § 401(k), 26 U.S.C. § 401(k). While the Plan is not a party to this action, pursuant to ERISA, the relief requested by Plaintiffs is for the benefit of the Plan under ERISA § 502(a)(2), 29 U.S.C. § 1132(a)(2).

B. Plan Terms and Provisions

97. The Company describes the Plan as designed to help Participants build income for retirement and other long-term needs. *See* SPD at 1. The Plan covers eligible employees of The Hartford and its subsidiaries (2008 Form 11-K at F-4), and is automatically available to Company employees, provided they are regular hourly or salaried full-time or part-time employees who are at least eighteen (18) years of age. *See* SPD at 2.

98. According to the 2008 Form 11-K, Plan Participants may generally contribute from 1% to 30% of their compensation on a pretax basis to the Plan.[3] The Hartford matches 50% of Participant's Basic Savings (defined as contributions which are not in excess of the first 6% of Participant's base salary) after six months of service with the Company. Additionally, the Company contributes 0.5% of highly compensated eligible employees' base salary and 1.5% of all other eligible employees base salary ("Floor Company Contribution") to each employee's Floor Company contribution account. An employee becomes eligible for Floor Company contributions after reaching the age of eighteen (18) and completing six months of service, regardless of whether the employee elects to participate in the Plan.

99. With respect to the Plan investment options, the Trust Agreement provides that:

> The Company may from time to time and in accordance with provisions of the Plan, may direct the Trustee to establish one or more separate investment accounts within the Trust Fund, each separate account being hereinafter referred to as an "Investment Fund" which may be invested in (i) shares of investment companies registered under the Investment Company Act of 1940, (ii) collective funds maintained by a bank or trust

[3] Highly compensated employees (as that term is defined under the Internal Revenue Code of 1986) may have contribution limits of less than 30%.

> company, (iii) various classes of common stock of the Company, (iv) Participant directed brokerage accounts, (v) pools of insurance contracts, (vi) funds managed by a registered investment manager, bank or insurance company, (vii) accounts managed by named fiduciaries for the Plan; and (viii) other investment options available from time to time under the Plan . . .

Section 3.1.

100. The Plan as a whole, is not designed to invest exclusively or even primarily in Company securities, but instead offered twenty (20) investment options during the Class Period (2008 Form 11-K at F-5), including a number of mutual funds, an index fund, and The Hartford Stock Fund. 2008 Form 11-K at F-12-14. Furthermore, until the January 2009 amendments to the Plan, the governing Plan document did not specify any given funds to be offered as Plan investment options. Rather, the terms of the 2008 Plan Document, Art. 8, § 8.1 generally provided that:

> Contributions to the Plan shall be invested by the Trustee in the Investment Funds approved by the Investment and Savings Plan Investment Committee from time to time. The Investment and Savings Plan Investment Committee, or such other Committee or individual as may be designated by the Board of Directors, may from time to time add Investment Funds to, or eliminate Investment Funds from, the group of Investment Funds available hereunder.

101. The 2009 Plan amendments to Section 8.1 of the governing Plan document, effectuated after the filing of the individual complaints in the instant action, provide that, *inter alia*, "[t]he investment alternatives available under the Plan shall include (i) The Hartford Stock Fund and (ii) each other Investment Fund approved for the purpose by the Investment and Savings Plan Investment Committee." 2009 Plan Document, Art. 8, § 8.1.

102. At all relevant times, the Plan was heavily invested in The Hartford Stock Fund. According to the 2008 Form 11-K, the Plan held $650,914,000 worth of The

Hartford common stock, or 21.4% of total Plan assets, at the end of the 2007 Plan year.

C. Plan Communications

103. Defendants were required under ERISA to furnish certain information to Participants. For example, ERISA § 101, 29 U.S.C. § 1021, requires that fiduciaries furnish a SPD to Participants. ERISA § 102, 29 U.S.C. § 1022, provides that the SPD must apprise Participants of their rights under the Plan. The SPD and all information contained or incorporated therein constitutes a representation in a fiduciary capacity upon which Participants were entitled to rely in determining the identity and responsibilities of fiduciaries under the Plans and in making decisions concerning their benefits and investment and management of assets allocated to their accounts:

> The format of the summary plan description must not have the effect of misleading, misinforming or failing to inform participants and beneficiaries. Any description of exceptions, limitations, reductions, and other restrictions of plan benefits shall not be minimized, rendered obscure or otherwise made to appear unimportant. Such exceptions, limitations, reductions, or restrictions of plan benefits shall be described or summarized in a manner not less prominent than the style, captions, printing type, and prominence used to describe or summarize plan benefits. The advantages and disadvantages of the plan shall be presented without either exaggerating the benefits or minimizing the limitations. The description or summary of restrictive plan provisions need not be disclosed in the summary plan description in close conjunction with the description or summary of benefits, provided that adjacent to the benefit description the page on which the restrictions are described is noted.

29 C.F.R. § 2520.102-2(b).

104. Upon information and belief, Defendants regularly communicated with The Hartford employees, including Plan Participants, about The Hartford's performance, future financial and business prospects, and The Hartford stock. These communications were directed specifically at employees/Participants at all-employee meetings, on the Company's website, and in Plan documents and materials which were disseminated to

Participants, which expressly incorporated by reference the Company's misrepresentations and nondisclosures regarding the financial risks associated with Plan's investment in the Fund and Fund's investment The Hartford stock. These communications were acts of Plans administration, and the persons responsible for the communications were ERISA fiduciaries in this regard.

105. Upon information and belief, Defendants communicated material information necessary for Participants to make informed decisions with respect to the investment of Plan assets in the Fund and in an attempt to comply with ERISA Section 404(c) by referencing and incorporating The Hartford's SEC filings into documents intended to convey Plan-related information to Participants.

106. The SPD incorporates by reference the following Company filings:

> (a) The Company's latest Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "Commission") pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act");
>
> (b) all other reports filed by the Company pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Form 10-K referred to in (a) above;
>
> (c) the latest Annual Report of The Hartford Investment and Savings Plan on Form 11-K filed with the Securities and Exchange Commission pursuant to Section 15(d) of the Exchange Act;
>
> (d) the descriptions of the Company's common stock which are contained in registration statements filed under the Exhange Act, including any amendment or report filed for the purpose of updating such descriptions; and
>
> (e) documents that the Company files under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this document while the offering of the common stock pursuant to The Hartford Investment and Savings Plan remains in effect.

SPD at ii.

107. The statements made in Company filings incorporated into the Plan's SPD

during the Class Period, constituted fiduciary communications because they were either meant as fiduciary communications to Plan Participants or incorporated by reference into such Participant communications.

VI. FACTS BEARING ON FIDUCIARY BREACH

108. The Hartford is among the largest providers of investment products, individual life, group life and group disability insurance products, and property and casualty insurance products in the United States and internationally.

109. These claims arise out of The Hartford's significant exposure to investments in the financial services sector and the sub-prime loan market. The Hartford and many of the companies in which The Hartford had invested were vulnerable to the sub-prime market. "Sub-prime loans" generally refer to those loans made to borrowers with weakened credit histories typically characterized by payment delinquencies, previous charge-offs, judgments, or bankruptcies; low credit scores; high debt-burden ratios; or high loan-to-value ratios.

110. Many sub-prime mortgages are grouped into financial vehicles including collateralized debt obligations ("CDOs") and other forms of mortgage backed securities and then sold to investors on the secondary market.

111. The Hartford was heavily invested in companies in the financial services sector. Thus, as the turmoil within the financial services sector increased, the Company became exposed to substantial losses—and the Company's stock became an imprudent Plan investment.

112. During the Class Period, in order to maintain the Company's image as a steady earnings performer having strong financial growth, The Hartford persistently

under-reported the degree of risk posed to its operations by the Company's unsound investment practices, particularly its heavy purchases of CDOs and other mortgage backed securities.

113. As home prices declined and interest rates began to rise in late 2006 and early 2007, the default rates for mortgage loans rose as well. Default rates in particular rose for both subprime and alternative mortgages.

114. Throughout 2007, the mortgage and financial crisis escalated, with increasingly debilitating effects upon financial institutions that had unwisely gambled upon securities backed by bad loans. The substantial increase in mortgage loan defaults had a tremendous impact upon the financial market and led to substantial problems in the overall credit market—a market upon which The Hartford heavily relied. As a result, the values of the CDOs and mortgage backed securities held by The Hartford, as well as the values of other companies in the financial services sector in which The Hartford had invested, declined sharply.

115. As the problems in the mortgage markets accelerated from 2007 and into 2008, the value of the CDOs and mortgage-backed securities held by The Hartford, as well as the value of other companies in the financial services sector in which The Hartford had invested declined sharply.

116. The Hartford's exposure to the sub-prime market, CDOs and the financial services sector diminished the value of its assets. The reduction in asset value had a negative effect on The Hartford's variable annuity business because certain levels of capital and earnings are required to maintain credit ratings and prevent damaging credit

downgrades.[4]

117. Throughout the Class Period, Defendants knew or should have known that the Fund was an imprudent Plan investment, due to: (a) the Company's exposure to losses from residential and commercial mortgage-backed securities in its investment portfolios; (b) the Company's exposure to investment losses due to investments in the troubled financials market, including investments in Lehman Brothers, AIG, Fannie Mae, Freddie Mac and Washington Mutual; (c) the Company's exposure to decreasing capital levels, due to deterioration in asset values and a decline in earnings; (d) the effect of these problems on The Hartford's variable annuity business; and (e) the fact that heavy investment of retirement savings in the Fund would inevitably result in significant losses to the Plan, and consequently, to its Participants. Nonetheless, Defendants failed to adequately protect against the heavy investment of Participants' retirement savings in the Fund and the Fund's investment in The Hartford common stock.

118. Furthermore, Defendants failed to reveal the truth regarding the Company's exposure to risky investments and failed to take action to protect the Plan's assets from suffering enormous losses.

119. The Class Period begins on December 10, 2007, when the price of The Hartford's stock was over $90/share. On this date, the price slipped 1.0% after the Company announced that its expected full-year earnings for 2008 would be in the range of $9.80 to $10.20, below analysts' expectations. *See e.g.* Ruthie Ackerman, *Hartford Financial Fizzles*, Forbes.com (December 10, 2007).

[4] A variable annuity is an insurance contract in which, at the end of an accumulation stage, the insurance company guarantees a minimum payment to the investor even if the underlying value of the investments decline. Additional income payments can vary depending on the performance of the managed portfolio. Credit ratings agencies typically require insurers to have certain amounts of capital reserves in order to pay out potential claims. Because The Hartford's asset portfolio has diminished its capital reserves, the Company was facing problems with its creditworthiness.

120. Specifically, The Hartford issued a press release entitled, "The Hartford Announces 2008 Financial Outlook," which gave earnings guidance of $9.80 to $10.20 per share. It also stated:

> "The Hartford is entering 2008 from a position of great strength," said Ramani Ayer, chairman and chief executive officer of The Hartford. "We are coming off excellent performance in 2007. Our fundamental results have been strong, and we also benefited from a favorable storm season, and not withstanding recent volatility, favorable equity markets. Looking toward 2008, The Hartford is well positioned for the opportunities of a dynamic, very competitive marketplace; we are operating in profitable businesses where we have the products, distribution and brand recognition necessary for success. The Hartford is focused on driving shareholder returns by growing book value and dividends, while managing capital at attractive returns."

121. However, Defendants at least by this time knew or should have known that Company stock was an imprudent investment for the Plan as a result of the collapsing sub-prime market.

122. The Company continued to report positive results throughout the remainder of 2007 and into 2008, despite the worsening subprime market and its effect on the credit and financial markets, the stability of which The Hartford's health depended.

123. On January 24, 2008, the Company issued a press release announcing its financial results for the fourth quarter of 2007. The Company reported strong results, as well as increased earnings for the year 2007. Defendant Ayer, Chairman and CEO of The Hartford, stated: "The Hartford's strong fourth quarter results capped an outstanding year for the company. . . . In 2007 we reported record earnings, grew book value per share and generated over 15 percent return on equity." He also stated: "We had good underlying profitability in our businesses in the fourth quarter, with the volatile credit market resulting in some capital losses. Our book value per share, excluding AOCI, rose

2 percent from September 30, and is up 11 percent in the past 12 months. We are entering 2008 in a sound financial position and are well prepared to weather the current turbulent markets."

124. Additionally, the Company reaffirmed its guidance for 2008 earnings of $9.80 to $10.20 per share.

125. Throughout the majority of 2008, despite the enormous downturn in the financial services sector, the Company gave little or no indication of a serious impact upon its financial condition.

126. On April 7, 2008, UBS downgraded The Hartford common stock from "buy" to "neutral." The brokerage cited pressures in equity sensitive and credit areas, and stated that it expected to see "credit impairments, derivative positions, and hedging breakages to further lower per-share earnings and see unrealized marks on commercial mortgage backed-securities and subprime residential backed securities." *See UBS cuts The Hartford to neutral*, Reuters, April 7, 2008.

127. On April 28, 2008, The Hartford filed a Form 8-K with the SEC which only minimally lowered the Company's EPS guidance for 2008. It states in part, "The Hartford currently expects 2008 core earnings per diluted share to be between $9.20 and $9.50. The company's previous guidance range of $9.80 to $10.20 per diluted share was established on December 10, 2007, based on the credit and equity markets at that time."

128. On April 28, 2008, The Hartford also reported first quarter 2008 net income of $145 million or $0.46 per diluted share, compared with $876 million, or $2.71 per diluted share in the same quarter of the prior year, representing an 82% decline.

129. The Hartford attributed its plunge in net income to losses on investments,

including credit derivatives. CFO David Johnson stated in an interview that one third of the Company's capital losses were related to the adoption of a new accounting method, while the rest were attributable to writedowns of some investments to market value and losses on a credit derivatives portfolio. *See Update 3 – The Hartford 1st qtr profit tumbles, cuts outlook*, Reuters, April 28, 2008.

130. On June 10, 2008, The Hartford announced a stock repurchase plan, but maintained that cash flow was "strong."

131. On July 28, 2008 The Hartford filed a Form 8-K with the SEC which reaffirmed its previously issued 2008 guidance:

> Based on the assumptions below, The Hartford currently expects 2008 core earnings per diluted share to be between $9.20 and $9.50. This range excludes any effect from the company's planned third quarter DAC unlock and remains unchanged from the guidance range established on April 28, 2008.

132. On September 18, 2008, the Company revealed substantial holdings in AIG and Lehman Brothers, as follows :

	Lehman	**AIG**
Senior Debt	$91 million	$8 million
Subordinated Debt	$127 million	$7 million
Preferred Stock	$34 million	None
Common Stock	None	None

133. The company also had a $35 million private placement investment in an AIG affiliate in which the company had a priority claim on a diversified pool of assets. The company further owned $97 million of senior debt issued by operating subsidiaries of AIG. Additionally, the company owned $35 million of subordinated debt issued by

operating subsidiaries of AIG. *See* The Hartford Form 8-K Submission to the SEC, dated September 18, 2008.

134. In September 2008, the Company revealed that it held $126 million in Washington Mutual securities and $520 million combined in securities of mortgage investment giants Fannie Mac and Freddie Mac.

135. On September 29, 2008, Fitch Ratings warned that The Hartford's exposure to credit markets could trigger ratings downgrades, and that it had revised its outlook on the Company to "negative." Additionally, the costs of credit default swaps on the Company's debt soared 43% to a record high. The Company's credit default swaps weakened to 407 basis points, from 283 basis points. *See* Carl Gutierrez, *Vultures Circling Hartford Financial*, Forbes.com (September 30, 2008).

136. On this news, on September 30, 2008, shares of The Hartford's common stock fell 18.0%, to close at $40.99.

137. On October 1, 2008, The Hartford issued a press release attempting to assure the public (including Plan Participants), stating:

> It is not the company's policy to generally comment on fluctuations in its share price. We are disappointed with our recent stock performance but recognize we are living through a period of unprecedented market conditions. The Hartford's core operating businesses are performing well and our liquidity remains strong. The Hartford has a strong history of managing through challenging times. We were pleased that both Moody's and Fitch maintained our excellent insurance financial strength ratings at a AA level following their review. However, both agencies did change our outlook, largely due to market conditions.
>
> We are confident in our financial strength and in our ability to meet our commitments to customers. Nothing is more important to us than honoring those promises and maintaining our strong ratings.
> Our financial position, our long history and the strength of the operating businesses that form the foundation of our company give us confidence.

138. On October 6, 2008, the Company revealed that it would suffer a third quarter loss on its financial services investments. The Company estimated losses of $8.50 to $8.80 per share, including net capital loses of $7.05 to $7.25 per share, or a total of $2.1 billion to $2.2 billion. Further, the Company announced that, in need of additional capital, it would accept a $2.5 billion capital investment from German insurer Allianz. The Company estimated that it would have a capital margin—the capital in excess of rating agency requirements to maintain AA level ratings—of $3.5 billion at year-end.

139. Upon information and belief, to manage the risk of market volatility associated with the minimum income guarantees that certain of The Hartford's variable annuities carried, the Company developed hedging programs to manage this risk. As market volatility skyrocketed, so too did the cost of these hedges, thereby cutting The Hartford's profit margins.

140. The Hartford's significant exposure to risky instruments tied to subprime mortgages negatively impacted earnings and capital needs in its variable annuity business. Despite the fact that the markets upon which The Hartford's business model relied were rapidly deteriorating, and despite knowledge that decline in equity would have serious deleterious consequences on the Company's overall health, Defendants concealed the truth regarding the Company's outlook and failed to take any steps to protect the Plan's assets from suffering enormous losses.

141. After the market closed on October 29, 2008, The Hartford posted a third quarter 2008 net loss of $2.63 billion, including $2.2 billion of net realized investment losses, compared with an $851 million profit for the prior-year period. For the nine-

month period, Hartford posted a $1.94 million loss, compared with $2.35 billion in net income for the prior year. The Hartford also reported a 23% decline in the United States statutory surplus through the first nine months of 2008, indicating a previously undisclosed decline in the Company's capital position.

> "This was an extremely difficult quarter for the company. Volatile credit and equity markets and the largest catastrophe in the past three years significantly affected our results," said Ramani Ayer, The Hartford's chairman and CEO. "Earlier this month, we took decisive action to fortify our capital by securing a $2.5 billion investment from Allianz. The Hartford is financially strong with the liquidity and capital to meet our commitments to our customers. [*sic*]
>
> "In the midst of extremely challenging market conditions, we saw successes in several of our businesses. Property and casualty ongoing operations reported a 91.8 accident year combined ratio, before catastrophe losses. This is a very good performance at this point in the cycle. Our group benefits business delivered strong sales and premium growth while maintaining pricing discipline and deposits in mutual funds and retirement plans were very good," added Ayer.

142. Of the $2.2 billion third quarter loss, nearly half, or $932 million, was related to estimates of reduced profitability from the Company's variable annuity business. The Hartford failed to disclose that its businesses were significantly dependent on a strong variable annuity business, which suffered due reductions in its cash reserves which were tied to declining stock prices in the financial sector. In an Earnings Call on October 29, The Hartford stated that it was comfortable with its capital position, but refused to estimate how much of a capital cushion The Hartford would have at the end of 2008, despite pressure from analysts to do so. Much to the dismay of analysts, The Hartford officers, including its CIO and CFO, refused to provide estimates of its capital levels. In that regard, on October 31, 2008, an article in *The Wall Street Journal* entitled, "Hartford Shares Plunge 52% Amid Capital Fears," highlighted analyst's concerns that

there may not be any benefit to owning The Hartford stock because The Hartford did not have sufficient capital to maintain its credit ratings. The article noted analysts' displeasure at The Hartford's refusal to estimate capital on the conference call. For example, Gary Ransom, an analyst at Fox-Pitt Kelton Cochran Caronia, said the uncertainty makes it difficult to assess the risk or see any benefit in owning the company's stock. A ratings downgrade or capital increase can't be ruled out, he said.

143. Similarly, an October 30, 2008, article in *MarketWatch* entitled, "Hartford Financial looses over half its market value – insurer may have to raise more capital as variable annuity business suffers" indicated that analysts were concerned with The Hartford's capital cushion:

> During a tense conference call late Wednesday, analysts peppered Hartford executives with questions about its capital position.
>
> Insurers have to hold a certain amount of extra capital to pay potential claims and keep regulators and rating agencies happy. If capital ebbs and ratings downgrades follow, that can limit insurers' ability to take on new risks and sell new products.
>
> The slump in equity markets, along with much wider spreads in the credit market and increased volatility, make it "extraordinarily difficult" to estimate how much of a capital cushion Hartford will have at the end of 2008, said Greg McGreevey, the insurer's new chief investment officer, during the conference call.
>
> Despite not giving an estimate, Chief Financial Officer Liz Zlatkus said that Hartford is comfortable with its capital level.
>
> That didn't wash with several analysts, including Edward Spehar of Merrill Lynch.
>
> "I don't understand how you can say you feel comfortable with your capital position, and yet you say you can't give us any idea what the number is," he said. "At this point, it's impossible to say those two things."

> When pushed, Zlatkus said that a 30% drop in the S&P 500 from the end of the third quarter (leaving the index at roughly 815), would leave Hartford's risk-based capital ratio at about 300%.
>
> At that theoretical level, Hartford would be at risk of needing to raise more capital, wrote Darin Arita, an analyst at Deutsche Bank, to clients.
>
> Stewart Johnson, a portfolio manager at Philo Smith, an insurance-focused investment firm, said Hartford management has put themselves in a "tough spot" by committing publicly that the insurer doesn't need more capital in the current environment.

144. On October 30, 2008, The Hartford's stock dropped 52% to close at $9.62. On that day, UBS analyst Andrew Kingerman wrote to clients that the third quarter results left "lingering capital questions. On the same day, Bijan Moazami, an analyst at Friedman, Billings, Ramsey, wrote that The Hartford's third quarter loss "was dominated by operating and capital volatility in the variable-annuity segment, which has left the company unable to estimate its current capital margin, raising the risk of a further capital raise."

145. The October 30, 2008, *MarketWatch* article explained causes of the drop in addition to the analyst concerns discussed above:

> **Surrender**
>
> One of Hartford's main problems centers on its huge variable-annuity business.
>
> These products are like mutual funds wrapped up in an annuity. They often include different types of guarantees in which the insurer promises customers that they will get at least their initial investment back in different circumstances.
>
> If customers surrender their annuities early, insurers may have to return their initial investment in full. But if the stock market has fallen a lot, the investments underlying the annuity may not be worth that much. Making up the difference triggers losses that eat into capital.

Hartford and other insurers used complex hedging techniques to try to avoid such shortfalls, but the dramatic slump in the stock market in recent months may have stretched such programs.

When variable annuities are sold, the up-front commission that's paid to the salesperson is expensed by the insurer over the life of the contract. These are called deferred acquisition costs.

If customers surrender their variable annuities earlier than expected, some of the cost of the commission is still left and has to be recognized immediately. That hits at capital too.

Insurers charge fees when customers surrender variable annuities early, but some customers have had these products with Hartford for long enough that such charges won't be triggered, according to Philo Smith's Johnson.

Indeed, Hartford reported a $932 million third-quarter after-tax charge to "unlock" some of its deferred acquisition costs.

Impairments

Another capital drain during the third quarter came from big investment losses.

Hartford had $2.2 billion of impairments, with roughly $785 million in losses stemming from the collapse of financial institutions including Lehman Brothers, Fannie Mae and Freddie Mac. The other losses were on investments that may not recover within two years.

Hartford also suffered about $3.5 billion of unrealized losses on residential and commercial mortgage-backed securities.

McGreevey, the chief investment officer, said that Hartford's investments were too exposed to the housing market. He's now planning to shift the insurer's portfolio into less risk areas, noting that it's currently buying Treasury bonds and higher-quality securities.

Longer term, McGreevey said that he wants to cut Hartford's exposure to credit derivatives, shrink the insurer's securities-lending program and reduce exposure to certain capital-intensive and volatile asset classes, like hedge funds.

146. On October 31, 2008, Fitch Ratings announced that it was lowering The Hartford's issuer default rating to A from A+, and its insurer financial strength ratings of

Hartford's primary life and property/casualty insurance subsidiaries to AA- from AA. It stated:

> The Rating Outlook is Negative.
>
> The rating actions reflect Fitch's more detailed review of HFSG's exposure to the current volatile credit and investment market conditions, which are negatively impacting its asset portfolio as well as earnings and capital needs in its variable annuity business. The combination of these issues has negatively impacted the organization's capital position. HFSG has posted a third quarter 2008 net loss of $2.6 billion, including $2.2 billion of net realized investment losses, and an after-tax charge of $932 million related to its DAC unlock or reduced estimates of the profitability of its variable annuity business. Fitch believes the results presented in the third quarter demonstrate a higher level of financial volatility than what was anticipated at the prior rating level.
>
> HFSG also recently closed on a $2.5 billion capital investment with Allianz in the form of $750 million in convertible preferred shares and $1.75 billion in junior subordinated debentures. Allianz also received warrants which entitle it to purchase $1.75 billion of common stock at an exercise price of $25.32 per share, subject to shareholder approvals. HFSG is also reducing its common stock dividend by 40%, which will help to preserve capital. Fitch positively recognizes the benefit of securing financing in a very difficult credit market environment.
>
> While the additional capital provided by Allianz is a positive, Fitch considers the net capital position to have been negatively impacted since mid-2008, which is a primary consideration in today's rating action. Fitch has formed this opinion by stressing the current asset portfolio and analyzing capital need through our stochastic capital model.
>
> Fitch recognizes that HFSG's life insurance operations have been especially impacted by the current financial market conditions. Variable annuity account values have deteriorated and near-term earnings are expected to decline, with lower expected profitability of its large variable annuity book with lower fee income. HFSG's life insurance operations reported a 23% decline in U.S. statutory surplus through the first nine months of 2008, driven by $1.1 billion in investment impairments.
>
> * * * *
>
> Fitch's Negative Outlook reflects the following concerns:
>
> -- Fitch's view that the near-term conditions in the financial markets will

continue for an extended period which could cause the company to experience further volatility within its financial results, and thus provide additional challenges in the remainder of 2008 and into 2009;

-- The potential for greater than expected credit related investment losses in 2009;

-- A potential need to increase the capital supporting the variable annuity business, driven by severe further declines in equity markets;

-- The potential for further reduced levels of capital in the property/casualty subsidiaries in order to fund capital needs in the life operations.

Fitch notes that the company maintains a meaningful exposure to overall unrealized losses, above average exposure to subprime residential mortgage-backed securities, commercial real estate CDO's, and investments in the financial services sector. Fitch believes that HFSG's hedging strategy has aided in reducing the effect of the unprecedented market declines to manageable levels.

HFSG's equity credit adjusted debt-to-total capital ratio (including accumulated other comprehensive income (AOCI)) was 28.6% at Sept. 30, 2008, up from 19% at Dec. 31, 2007, due to an almost 35% drop in shareholders' equity through the first nine months of 2008. This drop was driven by the net loss posted and a $3.3 billion increase in the AOCI (net of tax) loss as a result of the substantial increase in unrealized investment losses over this period.

147. On November 3, 2008, the Company announced that it had dropped its capital margin estimate by $1.5 billion. The Company said that it would have a $2 billion capital margin at year end, down from its previous estimate of $3.5 billion.

148. On the same day, citing The Hartford's disappointing third quarter results, among other factors, Moody's Investors Service downgraded the senior unsecured debt rating of The Hartford to A3 from A2 and its short-term debt rating to Prime-2 from Prime-1.

149. On November 11, 2008, The Hartford's shares continued to fall, as Goldman Sachs analyst Chris Neczypor predicted that the Company might need to raise

additional capital by the end of the year.

150. As described further herein, Defendants, as fiduciaries of the Plan, were obligated to ensure that the Plan's investment alternatives -- including the Fund -- were prudent investments for the Plan's assets. However, Defendants failed to do so -- to the substantial detriment of the Plan and its Participants.

151. Since the beginning of the Class Period through the present, the Plan's imprudent investments into The Hartford common stock have been decimated, as indicated below:

Source: http:www.bigcharts.com.

152. On February 10, 2009, ratings agencies Fitch and S&P downgraded The Hartford. Fitch noted that The Hartford maintains "an above-average exposure to commercial real estate CDOs, investments in the financial services sector and subprime residential mortgage-backed securities." Fitch also warned that there could be additional credit-related investment losses in 2009 and "a potential need to increase the capital supporting the variable annuity business, driven by further declines in equity markets."

153. The Hartford's prospects remain bleak. On March 5, 2009, Michael Paisan, an analyst and managing director at Stifel Nicolaus in New York, stated: "Everybody knows The Hartford is desperate" and predicted that the probability of the company remaining intact "is very very low." *See* Diane Levick, "Analyst Doubts The Hartford Will Be Able to Stay Intact," *The Hartford Courant*, March 5, 2009.

154. In fact, in early March 2009, The Hartford was engaging in discussions with another Company, negotiating a possible sale of its life insurance and annuity operations. *Id*.

155. The Hartford's position is now recognized by analysts as extremely weak. UBS analyst Andrew Klingerman stated: "They [The Hartford] are grappling with serious issues in their variable annuity business and investment portfolio. . . . As a result, it would strike me they have to consider a whole range of strategic initiatives. . . . The ability to raise additional capital has gotten very difficult because of the valuation of their stock." *Id*.

156. On February 6, 2009, financialweek.com summarized The Hartford's disappointing position:

> Hartford Financial Services' share price fell 21% in early morning trading on Friday, the day after the large U.S. property and life insurer reported disappointing fourth-quarter results and lowered a key capital estimate made just two months ago.
>
> Hartford reported a $806 million net loss late Thursday and said it would slash its dividend by 84% to preserve capital.
>
> The company lowered its estimate for regulatory capital within its life insurance business, raising investor fears that it would have to try to raise fresh capital. The company tapped German insurer Allianz SE for $2.5 billion in October.
>
> "The Hartford has again painted a picture of its life company's

> capital position that is quite a bit different from the picture it drew . . . on Dec. 5," Barclays Capital analysts Eric Berg and Jay Gelb said in a research note. "That is a problem in our view."
> Chief Executive Ramani Ayer was already unpopular with investors after Hartford posted a $2.63 billion third-quarter loss in October. The latest eaernings report could furhter undermine confidence in his leadership, analysts said.
>
> Questions over capital sufficiency, a hot-button issue for investors concerned about companies' weaker financial health, will reduce "confidence in Hartford's management," Barclays said. Sterne Agee analyst John Nadel raised a similar concern.
>
> On Thursday, Hartford estimated its life insurance business' risk-based capital ratio -- a key metric used by regulators -- at 385% at year-end 2008, much lower than earlier projected.
>
> If the ratio falls too low, the company is at risk of credit rating downgrades that could lead to the loss of big corporate and institutional insurance customers.
>
> The company's stock is down 80% in the last 12 months.
>
> The cost of protecting Hartford debt with credit default swaps rose on Friday, showing that investors are more worried about the potential for defaults. Hartford's five-year credit default swaps rose by about 68 basis points, or $715,000 a year to protect $10 million of debt, according to data from Markit Intraday.
>
> In recent months, Hartford has been raising prices on some retirement products, cutting jobs and reducing risk in its investment portfolio, seeking to preserve capital after poor investment results led to its massive third-quarter loss.

See "The Hartford's Results Spook Investors, Analysts," Financial Week, Feb. 6, 2009.

VII. DEFENDANTS KNEW OR SHOULD HAVE KNOWN THAT THE FUND AND THE HARTFORD STOCK WERE IMPRUDENT INVESTMENTS FOR THE PLAN, YET FAILD TO PROTECT PLAN PARTICIPANTS

157. Because of their high ranking positions within the Company and/or their status as Plan fiduciaries, Defendants knew or should have known of the existence of the above-mentioned problems, including problems due to the Company's exposure to

losses stemming from the mortgage industry and the financial services sector, and that the Company stock price would suffer and devastate Participants' retirement savings once the truth became known.

158. During the Class Period, although they knew or should have known that the Company's stock was an imprudent Plan investment, Defendants failed to adequately protect the heavy investment of Participants' retirement savings in the Fund.

159. As a result of the enormous erosion of the values of the Fund and Company stock, the Participants, whose retirement savings were heavily invested in the Fund suffered unnecessary and unacceptable losses.

160. Rather, during the Class Period, despite its obligation to prudently manage the Plan's assets—including its heavy investment in The Hartford stock—the Company misrepresented its true financial condition, thereby precluding Participants from properly assessing the prudence of investing in Company stock.

161. As a result of Defendants' knowledge of and, at times, implication in creating and maintaining public misconceptions concerning the true financial health of the Company, any generalized warnings of market and diversification risks that Defendants made to the Plan's Participants regarding the Plan's investment in the Fund did not effectively inform Participants of the past, immediate, and future dangers of investing in the Fund.

162. In addition, upon information and belief, Defendants failed to adequately review the performance of the other fiduciaries of the Plan to ensure that they were fulfilling their fiduciary duties under the Plan and ERISA.

163. Moreover, upon information and belief, Defendants failed to conduct an

appropriate investigation into whether the Fund was a prudent investment for the Plan, and failed to monitor the prudence of the Fund on an ongoing basis and, in connection therewith, failed to provide the Plan's Participants with information regarding The Hartford's numerous business problems so that Participants—to the extent that they were permitted—could make informed decisions regarding whether to include Fund shares in their Plan accounts.

164. An adequate (or even cursory) investigation by Defendants would have revealed to a reasonable fiduciary that investment by the Plan in the Fund was clearly imprudent. A prudent fiduciary acting under similar circumstances would have acted to protect Participants against unnecessary losses, and would have made different investment decisions.

165. Because Defendants knew or should have known that the Fund was not a prudent investment option for the Plan, they had an obligation to protect the Plan and its Participants from unreasonable and entirely predictable losses incurred as a result of the Plan's investment in The Hartford stock.

166. Defendants had available to them several different options for satisfying this duty, including, among other things: making appropriate public disclosures as necessary; divesting the Plan of Fund shares and the Fund of The Hartford shares; discontinuing further contributions to and/or investment in the Fund and The Hartford stock under the Plan; fully informing and then consulting independent fiduciaries regarding appropriate measures to take in order to prudently and loyally serve the Participants of the Plan; and/or resigning as fiduciaries of the Plan to the extent that as a result of their employment by The Hartford they could not loyally serve the Plan and its

Participants in connection with the Plan's acquisition and holding of the Fund and the Fund's investment in The Hartford stock.

167. Despite the availability of these and other options, Defendants failed to take any action to protect Participants from losses resulting from the Plan's investment in the Fund. In fact, Defendants continued to invest and to allow investment of the Plan's assets in the Fund even as The Hartford's problems came to light.

VIII. DEFENDANTS SUFFERED FROM CONFLICTS OF INTEREST

168. The Hartford's SEC filings, including Form DEF 14A Proxy Statements, during the Class Period make clear that a significant percentage of the CEO's and other Company officers' compensation was in the form of equity awards, including restricted stock and stock options. *See* The Hartford Definitive Proxy Statement, filed with the SEC on April 10, 2008.

169. Because the compensation of at least some of the Defendants was significantly tied to the price of The Hartford stock, at least certain of the Defendants had incentive to keep the Plan's assets heavily invested in The Hartford stock on a regular, ongoing basis. Elimination of Company stock as an investment option/vehicle for the Plan would have reduced the overall market demand for The Hartford stock and sent a negative signal to Wall Street analysts; both results would have adversely affected the price of The Hartford stock, resulting in reduced compensation for at least certain of the Defendants.

170. Some Defendants may have had no choice in tying their compensation to The Hartford stock (because compensation decisions were out of their hands), but Defendants did have the choice of whether to keep the Participants' retirement savings

tied up to a large extent in The Hartford stock or whether to properly inform Participants of material negative information concerning the above-outlined Company problems.

171. These conflicts of interest put certain of Defendants in the position of having to choose between their own interests as executives and stockholders, and the interests of the Plan Participants while Defendants were obligated to serve in their fiduciary capacity with an "eye single" to the Plan.

IX. CAUSES OF ACTION

A. Count I: Breach of Fiduciary Duty

172. Plaintiffs incorporate by reference the paragraphs above.

173. This claim is alleged against all Defendants other than the Hartford Fire Board Defendants.

174. As alleged above, during the Class Period, the Defendants were fiduciaries of the Plan. Thus, they were bound by the duties of loyalty, exclusive purpose, and prudence.

175. Defendants were directly responsible for, among other things, selecting prudent investment options, eliminating imprudent options, determining how to invest the assets of the Fund and directing the trustee regarding the same, evaluating the merits of the Plan's investments on an ongoing basis, and taking all necessary steps to ensure that the Plan's and the Funds' assets were invested prudently.

176. According to DOL regulations and ERISA case law, a fiduciary's investment or investment course of action is prudent if: a) he has given appropriate consideration to those facts and circumstances that, given the scope of such fiduciary's investment duties, the fiduciary knows or should know are relevant to the particular

investment or investment course of action involved, including the role the investment or investment course of action plays in that portion of the Plan's investment portfolio with respect to which the fiduciary has investment duties; and b) he has acted accordingly.

177. Again, according to DOL regulations, "appropriate consideration" in this context includes, but is not necessarily limited to:

- A determination by the fiduciary that the particular investment or investment course of action is reasonably designed, as part of the portfolio (or, where applicable, that portion of the Plan's portfolio with respect to which the fiduciary has investment duties), to further the purposes of the Plan, taking into consideration the risk of loss and the opportunity for gain (or other return) associated with the investment or investment course of action; and
- Consideration of the following factor as it relates to such portion of the portfolio:
  - The projected return of the portfolio relative to the funding objectives of the Plan.

178. Yet, contrary to their duties and obligations under the Plan documents and ERISA, Defendants failed to manage the assets of the Plan loyally and prudently. Specifically, during the Class Period, Defendants knew or should have known that the Fund and The Hartford stock were not suitable and appropriate investments. Nonetheless, during the Class Period, Defendants continued: (a) to offer the Fund shares as an investment option; (b) to require and/permit the Plan to invest in the Fund; and, (c) to invest Fund assets in The Hartford stock. They did so despite evidence that the Company was misrepresenting and failing to disclose serious financial risks and was issuing misleading and inaccurate statements which exposed the Plan's investment in the Fund and the Fund's investment in The Hartford stock to huge risk and certain losses

once the truth was revealed, and that as a result of The Hartford's exposure to the financial industry, the Fund was an unduly risky investment, all in violation of their duty of prudence as set forth in ERISA section 404(a)(1)(A) and (B).

179. Defendants were obliged to manage all of the Plan's assets prudently and loyally. Accordingly, Defendants were obliged to have in place a regular, systematic procedure for evaluating the prudence of Company stock.

180. Defendants had no such procedure. Moreover, they failed to conduct an appropriate investigation of the merits of continued investment in the Fund and The Hartford stock, even in light of the Company's highly risky and inappropriate practices, and the particular dangers that these practices posed to the Plan. Such an investigation would have revealed to a reasonably prudent fiduciary the imprudence of continuing to make and maintain such investments.

181. In connection with the duty to conduct such an investigation, and even if no investigation were conducted, Defendants who had actual knowledge of the risks to the company, had a duty of prudence and loyalty, pursuant to section 404(a)(1)(A) and (B) of ERISA, to disclose their knowledge of facts material to the prudence of the Plan's investment in the Fund to their fellow fiduciaries, so they could protect the Plan from continuing to invest in the Fund and The Hartford stock, and failed to do so.

182. Likewise, any fiduciary of the Plan whose authority or *de facto* exercise of fiduciary responsibility made that individual and/or entity a fiduciary with responsibility for the Plan's investments, disclosure to Participants of information about those investments, or the appointment and monitoring of fiduciaries who had such responsibilities, had a duty, pursuant to 404(a)(1)(A) and (B) of ERISA, to disclose their

knowledge to their fellow fiduciaries who were in a position to protect the Plan from further investment in the Fund and The Hartford stock. On information and belief, Defendants had such knowledge and made no such disclosure to their fellow fiduciaries, which would have assisted them in taking action to protect the Plan from continuing to invest in the Fund, in breach of their fiduciary duties.

183. The fiduciary duty of loyalty entails, among other things, a duty to avoid conflicts of interest and to resolve them promptly when they occur. A fiduciary must always administer a Plan with single-minded devotion to the interests of the participants and beneficiaries, regardless of the interests of the fiduciaries themselves or the Plan sponsor. On information and belief, the compensation and tenure of the Defendants was tied to the performance of The Hartford stock and/or the publicly reported financial performance of The Hartford. Fiduciaries laboring under such conflicts, must, in order to comply with the duty of loyalty, make special efforts to assure that their decision-making process is untainted by the conflict and conducted in a disinterested fashion, typically by seeking independent financial and legal advice obtained only on behalf of the Plan.

184. Defendants breached their duty to avoid conflicts of interest and to promptly resolve them by, *inter alia*: (a) failing to engage independent advisors until after these suits were filed who could make independent judgments concerning the Plan's investment in the Fund; (b) failing to notify appropriate federal agencies, including the DOL, of the facts and circumstances that made the Fund an unsuitable investment for the Plan; (c) failing to take such other steps as were necessary to ensure that Participants' interests were loyally and prudently served; (d) with respect to each of

these above failures, doing so in order to avoid adversely impacting their own compensation or drawing attention to The Hartford's inappropriate practices, and; (e) by otherwise placing their own and The Hartford 's improper interests above the Participants' interests with respect to the Plan's investment in the Fund.

185. Moreover, a fiduciary's duties of loyalty and prudence require it to disregard Plan documents or directives that it knows or reasonably should know would lead to an imprudent result or would otherwise harm Plan participants or beneficiaries. ERISA § 404(a)(1)(D), 29 U.S.C. § 1104(a)(1)(D). Thus, a fiduciary may not blindly follow Plan documents or directives that would lead to an imprudent result or that would harm Plan participants or beneficiaries, nor allow others, including those whom they direct or who are directed by the Plan, to do so.

186. Defendants breached this duty by: (a) continuing to offer the Fund as an investment option for the Plan for Participant contributions; (b) continuing to invest Plan assets in the Fund and (c) investing Fund assets in The Hartford common stock, and for each of these actions doing so when the Defendants knew or should have known that The Hartford stock no longer was a prudent investment for Participants' retirement savings.

187. As alleged above, Defendants' duties also included disseminating Plan documents and/or Plan-related information to Participants regarding the Plan and/or assets of the Plan, including information as to whether the Plan's investments in the Fund were made prudently and at an appropriate price reflecting available information about the risk and value of such investment. One way to fulfill these duties was to make appropriate disclosures to each other and to the Plan's participants.

188. The duty of loyalty under ERISA requires fiduciaries to speak truthfully to Participants, not to mislead them regarding the Plan or the Plan's assets, and to disclose information that Participants need in order to exercise their rights and interests under the Plan. This duty to inform participants includes an obligation to provide them with complete and accurate information, and to refrain from providing false information or concealing material information regarding the Plan's investment options, such that Participants can make informed decisions with regard to investment options available under the Plan. This duty applies to all of the Plan's investment options, including investment in the Fund and The Hartford stock.

189. Defendants breached their ERISA duty to inform Participants by failing to provide complete and accurate information, regarding the financial risks to The Hartford and the prudence of investing retirement contributions in the Fund, which Defendants knew or should have known.

190. These failures were particularly devastating to the Plan and the Participants, as a significant percentage of the Plan's assets were invested in the Fund during the Class Period, with acquisitions of Fund shares occurring at significantly inflated prices. Thus, the Fund's precipitous decline had an enormous impact on the value of Participants' retirement assets. Had such disclosures been made to Participants, or Plan fiduciaries, if any, who were not aware of The Hartford's financial risks and the inevitable impact of such risks on The Hartford's stock price, they could have taken action to protect the Plan. The disclosure to Participants necessarily would have been accompanied by disclosure to the market and would have assured that any further acquisitions of The Hartford stock by the Plan would have occurred at an appropriate

price.

191. As a consequence of the failure of Defendants to satisfy their duty to provide complete and accurate information under ERISA, Participants lacked sufficient information to make informed choices regarding investment of their retirement savings in the Fund.

192. Defendants' failure to provide complete and accurate information regarding The Hartford and the Fund was uniform and Plan-wide, and impacted all Plan Participants the same way, in that none of the Participants received crucial, material information regarding the risks of the Fund as a Plan investment option and that all Plan acquisitions of employer stock during the Class Period were imprudent.

193. As a consequence of Defendants' breaches of fiduciary duty, the Plan suffered tremendous losses. If Defendants had discharged their fiduciary duties, the losses suffered by the Plan would have been minimized or avoided. Therefore, as a direct and proximate result of the breaches of fiduciary duty alleged herein, the Plan, and indirectly Plaintiffs and the other Class members, lost millions of dollars of retirement savings.

194. Pursuant to ERISA §§ 409 and 502(a)(2) and (a)(3), 29 U.S.C. §§ 1109(a) and 1132(a)(2) and (a)(3), Defendants are liable to restore the losses to the Plan caused by their breaches of fiduciary duties alleged in this Count and to provide other equitable relief as appropriate.

B. Count II: Failure to Monitor Fiduciaries

195. Plaintiffs incorporate by reference the allegations above.

196. This Count alleges fiduciary breach against the following Defendants:

The Hartford, Hartford Fire and the Hartford Fire Board Defendants (the "Monitoring Defendants").

197. As alleged above, during the Class Period the Monitoring Defendants were named fiduciaries pursuant to ERISA § 402(a)(1), 29 U.S.C. § 1102(a)(1), or *de facto* fiduciaries within the meaning of ERISA § 3(21)(A), 29 U.S.C. § 1002(21)(A), or both. Thus, they were bound by the duties of loyalty, exclusive purpose, and prudence.

198. As alleged above, the Monitoring Defendants assumed a duty to monitor the performance of the Administrative Committee, the Investment Committee and the Hartford Stock Fund Fiduciary Defendants through (a) their responsibility to appoint, and remove those fiduciaries; (b) the discretionary authority obtained by their actions in connection the Plan; or (c) their actual control of their employees and agents in the performance of their fiduciary duties and responsibilities under the Plan.

199. Under ERISA, a monitoring fiduciary must ensure that the monitored fiduciaries are performing their fiduciary obligations, including those with respect to the investment and holding of plan assets, and must take prompt and effective action to protect the plan and participants when they are not.

200. The monitoring duty further requires that appointing fiduciaries have procedures in place, so that on an ongoing basis they may review and evaluate whether the "hands-on" fiduciaries are doing an adequate job (for example, by requiring periodic reports on their work and the plan's performance, and by ensuring that the monitored fiduciaries have an appropriate process for obtaining the information and resources they need). In the absence of a sensible process for monitoring their appointees, the appointing fiduciaries would have no basis for prudently concluding that their appointees

were faithfully and effectively performing their obligations to plan participants or for deciding whether to retain or remove them.

201. Furthermore, a monitoring fiduciary must provide the monitored fiduciaries with complete and accurate information in his/her possession that he/she knows, or reasonably should know, that the monitored fiduciaries must have in order to prudently manage the plan and its assets, or that may have an extreme impact on the plan and the fiduciaries' investment decisions regarding the plan.

202. The Monitoring Defendants breached their fiduciary monitoring duties by, among other things: (a) failing, at least with respect to the Plan's investment in the Fund, to monitor their appointees, to evaluate their performance, or to have any system in place for doing so, and standing idly by as the Plan suffered enormous losses as a result of their appointees' imprudent actions and inaction with respect to company stock; (b) failing to ensure that the monitored fiduciaries appreciated the true extent of The Hartford's misrepresentations and nondisclosures and weakening financial condition, and the likely impact of such matters on the value of the Plan's investment in the Fund; (c) failing to provide complete and accurate information to all of their appointees such that they could make sufficiently informed fiduciary decisions with respect to the Plan's assets, and; (d) failing to remove appointees whose performance was inadequate in that they continued to make and maintain huge investments in the Fund, despite their knowledge of misrepresentations and nondisclosures and weakening financial condition that rendered the Fund an imprudent investment during the Class Period for Participants' retirement savings in the Plan.

203. As a consequence of the Monitoring Defendants' breaches of fiduciary

duty, the Plans suffered tremendous losses. If the Monitoring Defendants had discharged their fiduciary monitoring duties as described above, the losses suffered by the Plan would have been minimized or avoided. Therefore, as a direct and proximate result of the breaches of fiduciary duty alleged herein, the Plan, and indirectly Plaintiffs and the other Class members, lost millions of dollars of retirement savings.

204. Pursuant to ERISA §§ 409 and 502(a)(2) and (a)(3), 29 U.S.C. §§ 1109(a) and 1132(a)(2) and (a)(3), the Monitoring Defendants are liable to restore the losses to the Plan caused by their breaches of fiduciary duties alleged in this Count and to provide other equitable relief as appropriate.

C. Count III: Co-Fiduciary Liability

205. Plaintiffs incorporate by reference the allegations above.

206. This Count alleges co-fiduciary liability against all Defendants (the "Co-Fiduciary Defendants").

207. As alleged above, during the Class Period the Co-Fiduciary Defendants were named fiduciaries pursuant to ERISA § 402(a)(1), 29 U.S.C. § 1102(a)(1), or *de facto* fiduciaries within the meaning of ERISA § 3(21)(A), 29 U.S.C. § 1002(21)(A), or both. Thus, they were bound by the duties of loyalty, exclusive purpose, and prudence.

208. As alleged above, ERISA § 405(a), 29 U.S.C. § 1105, imposes liability on a fiduciary, in addition to any liability which he may have under any other provision, for a breach of fiduciary responsibility of another fiduciary with respect to the same Plan, if that fiduciary knows of a breach and fails to remedy it, knowingly participates in a breach, or enables a breach.

209. **Knowledge of a Breach and Failure to Remedy.** ERISA § 405(a)(3), 29

U.S.C. § 1105, imposes co-fiduciary liability on a fiduciary for a fiduciary breach by another fiduciary if, that individual and/or entity has knowledge of a breach by such other fiduciary, unless that individual and/or entity makes reasonable efforts under the circumstances to remedy the breach. Upon information and belief, The Hartford, Hartford Fire and Hartford Fire Director Defendants knew of the breaches by the other fiduciaries and made no effort, much less reasonable ones, to remedy those breaches. In particular, they did not communicate their knowledge of the Company's problems to the other fiduciaries..

210. **Knowing Participation in a Breach.** ERISA § 405(a)(1), 29 U.S.C. § 1105(1), imposes liability on a fiduciary for a breach of fiduciary responsibility of another fiduciary with respect to the same Plan, if he/she participates knowingly in, or knowingly undertakes to conceal, an act or omission of such other fiduciary, knowing such act or omission is a breach. The Hartford knowingly participated in the fiduciary breaches of the Defendants in that it benefited from the sale or contribution of its stock at inflated prices. The Hartford and Hartford Fire also participated in all aspects of the fiduciary breaches of the other Defendants, which they controlled.

211. **Enabling a Breach.** ERISA § 405(a)(2), 29 U.S.C. § 1105(2), imposes liability on a fiduciary if, by failing to comply with ERISA § 404(a)(1), 29 U.S.C. §1104(a)(1), in the administration of his specific responsibilities which give rise to his status as a fiduciary, he has enabled another fiduciary to commit a breach.

212. Defendants enabled the breaches of the other Defendants because they failed to provide complete and accurate information to Defendants or the Participants that would have protected the Plan and Participants from harm.

213. The Monitoring Defendants failure to monitor Defendants enabled those Defendants to breach their duties.

214. As a direct and proximate result of the breaches of fiduciary duties alleged herein, the Plan, and indirectly Plaintiffs lost millions of dollars of retirement savings.

215. Pursuant to ERISA §§ 409 and 502(a)(2) and (a)(3), 29 U.S.C. §§ 1109(a) and 1132(a)(2) and (a)(3), the Co-Fiduciary Defendants are liable to restore the losses to the Plan caused by their breaches of fiduciary duties alleged in this Count and to provide other equitable relief as appropriate.

D. Count IV: Knowing Participation in a Breach of Fiduciary Duty

216. Plaintiffs incorporate by reference the allegations above.

217. This Count alleges knowing participation in a fiduciary breach against The Hartford.

218. To the extent that The Hartford is found not to have been a fiduciary, or not to have acted in a fiduciary capacity with respect to the conduct alleged to have violated ERISA, The Hartford knowingly participated in the breaches of those Defendants who were fiduciaries and acted in a fiduciary capacity and, as such, is liable for equitable relief as a result of participating in such breaches.

X. CAUSATION

219. The Plan suffered hundreds of millions of dollars in losses because substantial assets of the Plan were imprudently invested or allowed to be invested by Defendants in the Fund during the Class Period, in breach of Defendants' fiduciary duties.

220. The Defendants are liable for the Plan's losses in this case because they

failed to take the necessary and required steps to ensure effective and informed independent participant control over the investment decision-making process, as required by ERISA § 404(c), 29 U.S.C. § 1104(c), and the regulations promulgated thereunder.

221. Defendants also withheld material, non-public facts from Participants, and provided inaccurate and incomplete information to them regarding the The Hartford, and the soundness of the Fund and The Hartford stock as an investment vehicle. As a result, Participants made the decision to contribute to the Plan, resulting in the Plan's purchase of Fund shares, with incomplete information about the risks and value of the Fund, and the Fund itself remained overvalued. Had Defendants made appropriate disclosures, the Plan would not have purchased overvalued shares.

222. Defendants also are liable for losses that resulted from their decision to invest nearly all of the assets of the Fund in The Hartford stock rather than cash or other investment options, as clearly prudent under the circumstances presented here.

223. Had Defendants properly discharged their fiduciary and co-fiduciary duties, including the provision of full and accurate disclosure of material facts concerning investment in the Fund, eliminating the Fund as an investment alternative when it became imprudent, and divesting the Plan of Fund shares when maintaining such an investment became imprudent, the Plan would have avoided some or all of the losses that it, and indirectly, the Participants, suffered.

XI. REMEDY FOR BREACHES OF FIDUCIARY DUTY

224. Defendants breached their fiduciary duties in that they knew or should have known the facts as alleged above, and therefore knew or should have known that

the Plan's assets should not have been invested in the Fund during the Class Period.

225. As a consequence of Defendants' breaches, the Plan suffered significant losses.

226. ERISA § 502(a)(2), 29 U.S.C. § 1132(a)(2) authorizes a Plan Participant to bring a civil action for appropriate relief under ERISA § 409, 29 U.S.C. § 1109. Section 409 requires "any person who is a fiduciary…who breaches any of the…duties imposed upon fiduciaries…to make good to such Plan any losses to the Plan…." Section 409 also authorizes "such other equitable or remedial relief as the court may deem appropriate…."

227. With respect to the calculation of the losses to the Plan, breaches of fiduciary duty result in a presumption that, but for the breaches of fiduciary duty, the Plan would not have made or maintained its investments in the challenged investment and, instead, prudent fiduciaries would have invested the Plan's assets in the most profitable alternative investment available to them. Alternatively, losses may be measured, not only with reference to the decline in Fund share price relative to alternative investments, but also by calculating the additional Fund shares that the Plan would have acquired had the Plan fiduciaries taken appropriate steps to protect the Plan. The Court should adopt the measure of loss most advantageous to the Plans. In this way, the remedy restores the Plan's lost value and puts the Participants in the position they would have been in if the Plan had been properly administered.

228. Plaintiffs and the Class are therefore entitled to relief from the Defendants in the form of: (1) a monetary payment to the Plan to make good to the Plan the losses to the Plan resulting from the breaches of fiduciary duties alleged above, in an amount to

be proven at trial, based on the principles described above, as provided by ERISA § 409(a), 29 U.S.C. § 1109(a); (2) injunctive and other appropriate equitable relief to remedy the breaches alleged above, as provided by ERISA §§ 409(a) and 502(a)(2) and (3), 29 U.S.C. §§ 1109(a) and 1132(a)(2); (3) injunctive and other appropriate equitable relief, pursuant to ERISA § 502(a)(3), 29 U.S.C. 1132(a)(3), for knowing participation by a non-fiduciary in a fiduciary breach; (4) reasonable attorneys fees and expenses, as provided by ERISA § 502(g), 29 U.S.C. § 1132(g), the common fund doctrine, and other applicable law; (5) taxable costs and interest on these amounts, as provided by law, and; (6) such other legal or equitable relief as may be just and proper.

229. Under ERISA, each Defendant is jointly and severally liable for the losses suffered by the Plan in this case.

XII. CLASS ACTION ALLEGATIONS

230. **Class Definition.** Plaintiffs bring this action as a class action, pursuant to Rules 23(a), (b)(1), (b)(2) and (b)(3) of the Federal Rules of Civil Procedure, on behalf of themselves and the following class of persons similarly situated (the "Class"):

> All persons, other than Defendants, who were participants in, or beneficiaries of, the Plan at any time between December 10, 2007 and the present and whose accounts included investments in The Hartford Financial Services Group, Inc. Common Stock Fund.

231. **Numerosity.** The members of the Class are so numerous that joinder of all members is impracticable.

232. **Commonality.** Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether Defendants each owed a fiduciary duty to Plaintiffs and members of the Class;

(b) whether Defendants breached their fiduciary duties to Plaintiffs and members of the Class, by failing to act prudently and solely in the interests of the Plan's participants and beneficiaries;

(c) whether Defendants violated ERISA, and;

(d) whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

233. **Typicality.** Plaintiffs' claims are typical of the claims of the members of the Class because Plaintiffs and the other members of the Class each sustained damages arising out of the Defendants' wrongful conduct in violation of federal law as complained of herein.

234. **Adequacy.** Plaintiffs will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class action, complex, and ERISA litigation. Plaintiffs have no interests antagonistic to or in conflict with those of the Class.

235. **Rule 23(b)(1)(B) Requirements.** Class action status in this ERISA action is warranted under Rule 23(b)(1)(B) because prosecution of separate actions by the members of the Class would create a risk of adjudications with respect to individual members of the Class which would, as a practical matter, be dispositive of the interests of the other members not parties to the actions, or substantially impair or impede their ability to protect their interests.

236. **Other Rule 23(b) Requirements.** Class action status is also warranted under the other subsections of Rule 23(b) because: (a) prosecution of separate actions by

the members of the Class would create a risk of establishing incompatible standards of conduct for Defendants; (b) Defendants have acted or refused to act on grounds generally applicable to the Class, thereby making appropriate final injunctive, declaratory, or other appropriate equitable relief with respect to the Class as a whole, and; (c) questions of law or fact common to members of the Class predominate over any questions affecting only individual members and a class action is superior to the other available methods for the fair and efficient adjudication of this controversy.

XIII. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for:

A. A Declaration that the Defendants, and each of them, have breached their ERISA fiduciary duties to the Participants;

B. A Declaration that the Defendants, and each of them, are not entitled to the protection of ERISA § 404(c)(1)(B), 29 U.S.C. § 1104(c)(1)(B);

C. An Order compelling the Defendants to make good to the Plan all losses to the Plan resulting from Defendants' breaches of their fiduciary duties, including losses to the Plan resulting from imprudent investment of the Plan's assets, and to restore to the Plan all profits that the Defendants made through use of the Plan's assets, and to restore to the Plan all profits which the Participants would have made if the Defendants had fulfilled their fiduciary obligations;

D. Imposition of a Constructive Trust on any amounts by which any Defendant was unjustly enriched at the expense of the Plan as the result of breaches of fiduciary duty;

E. An Order enjoining Defendants, and each of them, from any further violations of their ERISA fiduciary obligations;

F. An Order requiring Defendants to appoint one or more independent fiduciaries to participate in the management of the Plan's investment in The Hartford stock;

G. Actual damages in the amount of any losses the Plan suffered, to be allocated among the Participants' individual accounts in proportion to the accounts' losses;

H. An Order awarding costs pursuant to 29 U.S.C. § 1132(g);

I. An Order awarding attorneys' fees pursuant to 29 U.S.C. § 1132(g) and the common fund doctrine; and

J. An Order for equitable restitution and other appropriate equitable and injunctive relief against the Defendants.

Respectfully Submitted, PLAINTIFFS,

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CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of March, 2009 this document was filed electronically and served via U.S. mail on all parties not registered electronically. Notice of this filing will be sent by e-mail to all parties by the Court's electronic filing system.

/s/ Robert A. Izard
Robert A. Izard