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Good work

State collects big in fraud case

The state this past week settled its investment fraud lawsuit against Time Warner and its subsidiary AOL, bringing in almost \$50 million for state coffers.

Nice work. The money will go to the Alaska Permanent Fund and public employee pension funds, which lost money when stock investments in the companies dropped in value.

The state filed suit against the media and entertainment companies in 2004, alleging the firms had misrepresented advertising revenue and AOL subscribers to falsely boost profits -- and stock prices. Alaska originally was part of a nationwide, class-action lawsuit against AOL Time Warner in federal court, but opted out and went to court on its own.

Working with an Outside law firm that specializes in such cases, the state settled for \$50 million on its original \$70 million claim --a good day's work in such cases. And in more good news, the state Department of Law negotiated to pay the Outside law firm just 8.5 percent of the settlement, leaving more than \$45 million for the state after all expenses.

The companies have until Thursday to get the money to the state. Someone should buy lunch that day for the state officials who worked on the case.

BOTTOM LINE: It's nice to win one against stock fraud.