

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA,
Plaintiff,

v.

JOHN HANCOCK MUTUAL LIFE
INSURANCE CO., INC.,
Defendant.

CIVIL ACTION NO. 94-

94-10553 RGS

COMPLAINT

The United States of America, by Jonathan Chiel, Acting United States Attorney for the District of Massachusetts, alleges the following as its Complaint for injunctive relief under 18 U.S.C. § 1345.

INTRODUCTION

1. The United States of America ("United States") brings this action against John Hancock Mutual Life Insurance Co., Inc. ("Hancock"), seeking to enjoin further violations of the mail fraud statute, 18 U.S.C. § 1341.

JURISDICTION AND VENUE

2. This Court has jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1345.

3. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b).

PARTIES

4. Plaintiff is the United States of America, a sovereign entity and body politic.

5. Defendant is a corporation organized and existing under the laws of the Commonwealth of Massachusetts, with its principal place of business in Boston, Massachusetts.

FACTUAL ALLEGATIONS

6. Beginning no later than January 1, 1986 and continuing

at least until May 1993, lobbyists employed by Hancock gave gratuities valued at over \$50 each to Massachusetts legislators on at least 300 occasions. These gratuities included meals, theater and sports tickets, golf, hotel rooms and, on one occasion, an all-expenses paid trip to the Super Bowl.

7. The aforesaid gratuities were given to Massachusetts legislators for or because of official acts performed or to be performed by these legislators, in violation of chapter 268A, Massachusetts General Laws, §3.

8. Many of the aforesaid gratuities to Massachusetts legislators, and additional gratuities given to immediate family members of these legislators, totalled over \$100 to individual legislators in a calendar year, in violation of chapter 268B, Massachusetts General Laws, §6 and the Code of Ethics of the Massachusetts House of Representatives.

9. The total value of the aforesaid gratuities given by Hancock lobbyists exceeded \$35,000.

10. From January, 1986 through January, 1991, the legislator who received the single largest share of the aforesaid gratuities was the then House Chairman of the Joint Committee on Insurance of the Massachusetts Legislature, one of the committees whose deliberations and decisions were of greatest importance to Hancock.

11. Hancock lobbyists gave the aforesaid gratuities to legislators with knowledge that the legislators would fail to report the gratuities to the Massachusetts State Ethics Commission, in violation of chapter 268B, Massachusetts General Laws, §5.

12. The giving of aforesaid gratuities, and the failure to report those gratuities, were part of a scheme to defraud the public of its right to the honest services of one or more members of the Massachusetts Legislature.

LEGAL CLAIM

13. The United States alleges and incorporates as if fully set forth herein the allegations set forth in paragraphs one through twelve above.

14. The defendant did place and cause to be placed, in an authorized depository for mail matter, various items sent or delivered by the United States Postal Service, all in violation of 18 U.S.C. § 1341.

PRAYER FOR RELIEF

WHEREFORE, the United States respectfully requests that this Court:

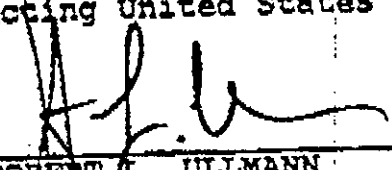
- A. Enter a permanent injunction against Hancock, enjoining further violations of the mail fraud statute; and
- B. Award such other relief to the United States and against Hancock as the Court deems just.

Date: March 21, 1994

Respectfully submitted,

JONATHAN CHIEL
Acting United States Attorney

By:


ROBERT L. ULLMANN
Senior Litigation Counsel

MICHAEL D. KENDALL
Assistant U.S. Attorney

AGREEMENT OF SETTLEMENT

This Agreement of Settlement is entered voluntarily as of the 21st day of March, 1994, by John Hancock Mutual Life Insurance Company, Inc. ("Hancock") and the United States Attorney's Office for the District of Massachusetts ("USAO"). Hancock is a corporation organized and existing under the laws of the Commonwealth of Massachusetts with its principal place of business in Boston, Massachusetts.

WHEREAS, the USAO has the authority to investigate violations of the federal laws;

WHEREAS, Hancock has contemporaneously and voluntarily entered into a Disposition Agreement with the Massachusetts State Ethics Commission ("Commission") in which Hancock has admitted to violations of state law arising out of gratuities given to Massachusetts legislators by Hancock's lobbyists, paid a substantial fine, and implemented structural, management and policy changes intended to prevent the recurrence of the matters under investigation;

WHEREAS, the USAO has been conducting an investigation into alleged violations of federal law, including, but not limited to, 18 U.S.C. §1341, based on the giving of gratuities by lobbyists to legislators and failures to report such gratuities;

WHEREAS, Hancock has provided prompt and full cooperation with the USAO and the Commission during their investigations;

WHEREAS, Hancock wishes to resolve the investigation now pending before the USAO;

WHEREAS, Hancock neither admits nor denies that its conduct violated federal law; and

WHEREAS, the USAO has concluded that it is appropriate and in the public interest to resolve its investigation by entering into this Agreement with Hancock in the manner set forth below.

NOW, THEREFORE, in consideration of the foregoing and of the terms hereinafter set forth, Hancock and the USAO agree as follows:

A. Hancock's Civil Assessment.

In resolution of this investigation, Hancock agrees to pay, simultaneously with the execution of this Agreement, a civil assessment in the amount of \$900,000 pursuant to 18 U.S.C. §1345. This amount is contingent upon Hancock's contemporaneous agreement to pay an additional \$110,000 to the Commission for a total payment of \$1,010,000, which Hancock will not seek to deduct from its federal and state income tax returns.

B. Representations And Warranties Of Remedial Action Already Undertaken By Hancock.

Hancock warrants to the USAO that it has taken remedial steps since the matters under investigation first came to the attention of its senior corporate management outside of its Government Relations Department in May of 1993. Furthermore, Hancock has provided to the USAO a written description of its newly revised Business Practices Policy and enhanced audit procedures.

Hancock represents and warrants that it has already undertaken the following remedial actions:

1. Hancock ordered an internal investigation;
2. Hancock voluntarily disclosed the gratuities to the Commission prior to being contacted by the Commission;
3. Hancock cooperated with investigations conducted by the Commission and the USAO and waived the attorney-client privilege so as to produce privileged material relevant to the USAO's investigation;
4. Hancock publicly acknowledged that certain lobbying activities by members of the Government Relations Department violated Massachusetts law, in particular M.G.L. c. 268A, §3(a);
5. Hancock has agreed with the Commission that from January 1, 1994, through December 31, 1998, on a semi-annual basis, it will file a written report with the Division of Public Records of the Office of the Secretary of State, with a copy to the Commission, of all expenditures made by Hancock or its employees, and by any independent consultants on behalf of Hancock, involving any Massachusetts state, county or municipal employee.
6. Hancock adopted the following organizational changes after conducting an internal investigation:
 - a. Reorganized its Government Relations Department and Corporate Secretary's Department to report directly to the General Counsel.
 - b. Retained an outside law firm to review its state lobbying and Government Relations activities.

c. Implemented new auditing procedures through its accountants, Ernst & Young, to apply to Government Relations expenditures.

d. Accepted the early retirement of the former Corporate Secretary, Raeburn B. Hathaway, Jr., and reassigned its former principal Massachusetts lobbyist, F. William Sawyer, from the Government Relations Department to a position with non-lobbying activities.

e. Required all Government Relations employees to execute a Certificate of Compliance that they have complied during the last reporting period with all internal and external laws, guidelines and regulations covering Government Relations' activities.

f. Issued a moratorium on any expenditures for the entertainment of Massachusetts state legislators.

g. Instituted new written operating procedures, reporting guidelines and periodic record audits for all future state lobbying activity.

h. Held a training session for all Government Relations employees concerning Massachusetts lobbying laws and their application.

i. Amended its standard Conflict and Business Practice Policy to include a specific section on the Massachusetts Ethics requirements.

j. Updated the policy regarding the entertainment of public employees and support of Massachusetts campaign activities and distributed it to all relevant personnel.

C. Cooperation.

Hancock agrees to continue to cooperate fully with the USAO and to provide complete and truthful information to the USAO. If testimony of, or information from, any present or former Hancock employee or representative is requested by the USAO, Hancock will use its best efforts to ensure that such individuals are available and will testify truthfully and completely before any grand jury, during any investigation by state authorities, and at any hearing or trial.

Upon reasonable request and notice and without any cost to the law enforcement agency, Hancock agrees (i) to preserve and furnish to the USAO all non-privileged documents in its possession, custody or control that are relevant to the USAO's inquiries which have not already been provided; (ii) to provide all non-privileged information available to it and relevant to the USAO's investigation, other than documents constituting the work product of attorneys relevant to the investigation and which were created after May 1, 1993, and (iii) to provide any additional otherwise privileged information relating to Hancock's own internal investigation not already provided, so long as the materials do not reflect Hale and Dorr legal advice to Hancock or communications among counsel.

The USAO agrees to take no further action against Hancock in connection with the matters under investigation except as set forth herein.

D. Agreement Not To Prosecute.

In return for Hancock's full and truthful cooperation and in light of the representations and warranties contained herein, the USAO agrees not to prosecute Hancock for or bring any criminal or civil action or proceeding against Hancock, concerning any matter of which the USAO is currently aware relating to the subject matter of its investigation.

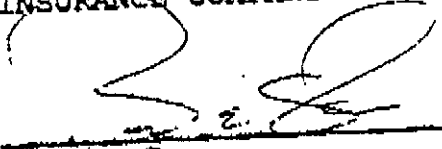
Furthermore, Hancock fully understands that should it breach any provision of the Agreement, including but not limited to, its agreement to continue to cooperate fully with the USAO in its investigation, or should any of its representations or warranties turn out to be intentionally and materially false, the USAO will have the right to criminally and civilly prosecute Hancock and use against Hancock at any trial, hearing, proceeding or for sentencing purposes, any statement made by Hancock, and any information, materials documents or objects provided by Hancock to the USAO pursuant to the Agreement without any limitation. In case of such a breach, and the institution of any civil or criminal prosecution against Hancock by the USAO, this Agreement may not be introduced in evidence against Hancock except to rebut any claim by Hancock that this Agreement was not duly authorized and executed. If it is established that any senior officer of Hancock, other than F. William Sawyer or Raeburn Hathaway, has or in the future makes any material misrepresentation to the USAO concerning any issue relevant to the federal investigation, this will constitute a breach of the agreement rendering it voidable.


E. Entities Bound by this Agreement.

This agreement is binding only upon the USAO and Hancock. It shall not be deemed to be binding upon any other federal, state or local prosecutive, administrative or regulatory authorities or entities. This agreement shall not create any rights for any natural person or for any entity other than Hancock.

Hancock hereby states that the execution of this Agreement is a voluntary act on the corporation's part, that the corporation has the power to execute this Agreement and that the person signing on behalf of the corporation has the authority to execute this Agreement for Hancock.

JOHN HANCOCK MUTUAL LIFE
INSURANCE COMPANY


By: Bruce Strine
Its: Secretary
Dated: 3/21/94

 3/21/94
Jonathan Chiel,
Acting United States Attorney
Robert L. Ullman,
Senior Litigation Counsel
Michael Kendall
Assistant U.S. Attorney