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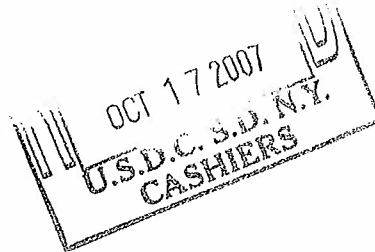
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07 CIV 9319



**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

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:
UNISYSTEMS, INC. EMPLOYEES PROFIT
:
SHARING PLAN on behalf of itself
:
and all others similarly situated,
:
:
Plaintiff,
:
:
v.
:
STATE STREET BANK AND
:
TRUST COMPANY,
:
STATE STREET GLOBAL
:
ADVISORS, INC. and JOHN DOES 1-20,
:
Defendants.
-----X

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CLASS ACTION COMPLAINT

Plaintiff Unisystems, Inc. Employees Profit Sharing Plan, on behalf of itself and all others similarly situated, by and through its undersigned attorneys Bernstein Litowitz Berger & Grossmann LLP and Keller Rohrback L.L.P., alleges the following based upon knowledge with respect to its own acts, and on information and belief, based upon facts obtained through investigation by its counsel.

I. PRELIMINARY STATEMENT

1. This complaint arises from Defendants State Street Bank and Trust Company's ("State Street Bank") and State Street Global Advisors, Inc.'s ("SSGA") (collectively "State Street") reckless disregard of the best interests of investors in conservative bond funds managed by State Street in violation of the Employee Retirement Income Security Act of 1974 ("ERISA"). State Street breached its fiduciary duties under ERISA to thousands of ERISA plans and plan participants and beneficiaries by causing State Street's purportedly conservative bond funds that are held in collective trusts by State Street and offered to retirement plans throughout the country ("Bond Funds") to invest in high-risk and highly leveraged financial instruments tied to, among other things, mortgage backed securities. State Street represented those bond funds, described in detail below, to be conservative investments designed to closely track, and slightly out-perform, designated bond market indices. In reality, State Street converted the purportedly-stable conservative investments into a high-stakes gamble in breach of State Street's fiduciary duties under ERISA

2. Contrary to their representations about the Bond Funds' low-risk profile, State Street invested the assets of these Bond Funds in high-risk derivative instruments backed by mortgages and mortgage-backed securities. Further compounding the risk to Plaintiff and the Class, State Street highly leveraged the Bond Funds' investments in such

instruments by borrowing money to purchase those instruments – in some case by ratios as high as six to one – thereby exponentially increasing the risk to which ERISA plans and plan participants and beneficiaries in these purportedly “stable” and “predictable” funds were exposed. In addition to these highly leveraged investments in mortgage-backed securities, State Street also improperly invested in exotic financial instruments such as Treasury futures, options on futures, interest rate swaps, and interest rate “swaptions.”

3. An analyst at Lipper, Inc. summarized State Street’s mismanagement of these funds: “When you’re investing in an investment-grade debt fund, you are expecting some level of preservation of capital. Some funds have held certain subprime issues, and for their intrepid adventures, investors have suffered terribly.”

4. The recent collapse of the subprime mortgage industry exposed the aggressive gamble State Street took with the retirement assets invested by ERISA plans and plan participants and beneficiaries in the Bond Funds. The value of the mortgage-backed securities in which State Street had invested plummeted, with some of the Bond Funds performing nearly 30 percent below the benchmark indices they purported to track. That performance resulted from the nearly 70 percent collapse in value of the mortgage-backed securities held by the fund. Moreover, the subprime collapse eviscerated demand for such securities, forcing State Street to sell those mortgage-backed securities into an illiquid market. By the time ERISA plans and plan participants and beneficiaries became aware of the dire consequences of State Street’s imprudence, and demanded the withdrawal of their funds, there was no market for the securities, further compounding the losses to investors in the bond funds.

5. State Street's imprudent actions have caused the ERISA plans that offered the Bond Funds for which State Street served as the Investment Manager to suffer hundreds of millions of dollars of losses.

6. State Street's conduct was a gross dereliction of its fiduciary duties under ERISA for which State Street is personally liable. Accordingly, Plaintiff alleges that State Street, as the investment manager for the Bond Funds for ERISA retirement plans throughout the country, breached its duties of prudence, loyalty, and exclusive purpose under ERISA §404(a) by investing the assets of the Bond Funds recklessly and imprudently.

7. This action is brought on behalf of Plaintiff's ERISA plan, as well as all other similarly situated plans throughout the country that offered the Bond Funds as investment options for their participants. All of these plans were subject to, and affected by, State Street's conduct in the same manner and with the same effect. Plaintiff seeks losses to these plans for which State Street is personally liable pursuant to ERISA §§ 409 and 502(a)(2), 29 U.S.C. §§ 1109, and 1132(a)(2). In addition, under § 502(a)(3) of ERISA, 29 U.S.C. § 1132(a)(3), Plaintiff seeks other equitable relief from State Street, including, without limitation, injunctive relief and, as available under applicable law, constructive trust, restitution, equitable tracing, and other monetary relief.

8. ERISA §§ 409(a) and 502(a)(2) authorize ERISA plan participants and plan fiduciaries such as Plaintiff to sue in a representative capacity for losses suffered by the plans as a result of breaches of fiduciary duty. Pursuant to that authority, Plaintiff brings this action as a class action under Fed. R. Civ. P. 23 on behalf of plans that offered

the Bond Funds and suffered losses due to State Street's gross dereliction of its fiduciary duties under ERISA during the Class Period.

9. In addition, because the information and documents on which Plaintiff's claims are based are, for the most part, solely in State Street's possession, certain of Plaintiff's allegations are by necessity upon information and belief. At such time as Plaintiff has had the opportunity to conduct discovery, Plaintiff will, to the extent necessary and appropriate, amend this Complaint, or, if required, seek leave to amend, to add such other additional facts as are discovered that further support Plaintiff's claims.

II. JURISDICTION AND VENUE

10. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1331 and ERISA § 502(e)(1), 29 U.S.C. § 1132(e)(1). This claims asserted herein are brought as a class action under Rule 23 of the Federal Rules of Civil Procedure.

11. Venue is proper in this district pursuant to ERISA § 502(e)(2), 29 U.S.C. § 1132(e)(2).

III. THE PARTIES

A. THE PLAINTIFF:

12. Plaintiff Unisystems, Inc. Employees Profit Sharing Plan (the "Unisystems Plan") is an ERISA-qualified plan established for the benefit of employees of Unisystems, Inc. ("Unisystems"). Unisystems is a publishing company headquartered in New York, New York. During the Class Period, the Unisystems Plan invested in the Intermediate Bond Fund for Employee Trusts ("Intermediate Bond Fund"), and the Unisystems Plan suffered losses as a result. State Street served as the Investment Manager for the Unisystems Plan, and in particular, the Intermediate Bond Fund.

B. THE DEFENDANTS:

13. State Street Bank is a registered financial holding company with its principal place of business in Boston, Massachusetts, and which maintains an office in New York, New York.

14. SSGA purports to be the world's largest institutional asset manager. SSGA's principal office is located in Boston, Massachusetts. SSGA acted as the Investment Manager to the Bond Funds as that term is defined by ERISA § 3(38), 29 U.S.C. § 1002(38).

15. John Does 1-20. Plaintiff currently lacks the names of the individual State Street employees responsible for discharging State Street's duties and responsibilities as the Investment Manager under ERISA for the Bond Funds at issue. Once the names of these persons are identified, to the extent necessary and appropriate, Plaintiff will amend the Complaint to add their true identities.

IV. CLASS ACTION ALLEGATIONS

16. **Class Definition.** Plaintiff brings this action as a class action pursuant to Rules 23(a), (b)(1), (b)(2), and, in the alternative, (b)(3) of the Federal Rules of Civil Procedure on behalf of Plaintiff and the following class of persons similarly situated (the "Class"):

All qualified ERISA plans, and the participants and beneficiaries thereof, who were invested in the Intermediate Bond Fund for Employee Trusts, the Daily Bond Market Fund, the Core Intermediate Credit Bond Fund, the Daily Corporate / Government Credit Bond Fund, the SSGA Yield Plus Fund, the Total Bond Market fund, the SSGA Bond Market Fund, the Limited Duration Bond Fund or any other Bond Fund managed by State Street for qualified ERISA retirement plans that suffered losses as a result of the same conduct described herein (the "Bond Funds") between January 1, 2007 and October 5, 2007. Specifically excluded from the Class are the individual Defendants herein, officers and/or

