

Fired WorldCom executives charged with fraud

AFP, New York

Two senior WorldCom officials were taken in handcuffs to federal court Thursday and charged with cooking the books to the tune of nearly four billion dollars in the largest bankruptcy in US history.

US Attorney General John Ashcroft said the criminal indictment of Scott Sullivan, WorldCom's fired chief financial officer and David Myers, the former controller, underlined the government's zero-tolerance policy towards corporate fraud.

"With each arrest, indictment and prosecution, we send this clear, unmistakable message. The message is this: Corrupt corporate executives are no better than common thieves when they betray their employees and steal from their investors," Ashcroft said.

Sullivan and Myers were formally arrested after surrendering to FBI agents early Thursday morning.

A seven-count FBI complaint

charged both men with securities fraud and conspiracy that involved hiding billions of dollars of company expenses.

They could face up to 15 years in jail if convicted.

Some onlookers outside the FBI building in Lower Manhattan applauded as the two men were led out in handcuffs, placed in black vans and then driven a short distance to the courthouse.

Sullivan and Myers were sacked in late June after WorldCom revealed that it had an unprecedented 3.8 billion dollars of accounting discrepancies that wiped out its 2001 profits.

The company then filed for Chapter 11 protection under US bankruptcy law.

Coming six months after Enron's collapse, the WorldCom scandal helped sink investor confidence in the United States and push stocks to five-year lows.

Sullivan and Myers were released on bail of 10 million dollars

and two million dollars respectively.

"We will defend ourselves vigorously against the charges made today," said Sullivan's lawyer Irv Nathan.

"We're looking forward to that trial, which we hope will be handled in a climate that is not tainted by the current political climate."

The FBI complaint accused both men "and others known and unknown" of fraud in connection with the sale and purchase of WorldCom stock, making false statements to auditors and falsifying the company's books and records.

They were also charged with filing false and misleading reports to the Securities and Exchange Commission regarding WorldCom's results over five consecutive financial quarters up to March 15, 2002.

According to the court papers, the two men allegedly devised a scheme to cover up WorldCom's increasing expenses, by causing billions of dollars of operating costs to be hidden in the company's

capital expense accounts.

"This transfer allowed WorldCom to defer recognising a substantial portion of its current operating expenses, thereby allowing WorldCom to report higher earnings," the FBI complaint said.

It also pointed out that, contrary to accounting industry norms, "no documentary support existed" for the transfer of expenses on WorldCom's income sheet to assets on its balance sheet.

The court papers quoted Myers as saying during questioning in June that he was "uncomfortable" with the accounting entries from the very beginning, but once it was done for the first time, "it was difficult to stop."

The complaint included statements by officials from WorldCom's outside auditor Arthur Andersen that neither Sullivan, Myers nor anyone else at WorldCom had informed them of the expenses transfers.

WorldCom, Enron probes still going on

AFP, Washington

US Attorney General John Ashcroft said Thursday the federal criminal investigation of WorldCom is still ongoing, despite the arrests of two former senior WorldCom executives.

Separately, other Justice Department officials said that the government's criminal investigation of Enron is being pursued aggressively.

Talking to reporters at a press conference at the Justice Department on WorldCom, Ashcroft said: "I think it's fair to say it's an ongoing investigation."

The attorney general said it is possible that Scott Sullivan, WorldCom's former chief financial officer and David Myers, the group's former controller, could face up to 65 years in prison if they are found guilty of breaking securities laws.

Both men were arrested earlier Thursday in New York on federal charges of conspiracy and securities fraud.

Deputy Attorney General Larry Thompson meanwhile said the department's criminal investigation of Enron is also ongoing, but he signaled that the Enron probe is more complex than WorldCom's.

LatAm economy in worst state since 1980s

REUTERS, Santiago

The regional economy of Latin America and the Caribbean will shrink by 0.8 per cent this year in its worst performance since the 1980s, a United Nations regional body forecast Thursday.

The Santiago-based Economic Commission for Latin America and the Caribbean (ECLAC) said the deep recession and financial meltdown in Argentina will be a serious drain on the region.

The global slowdown and low prices for Latin American commodities which boomed in the 1990s are also factors weighing on the region's economy, the organisation said in a report.

"Such an adverse situation as we are facing now has not been seen since the middle of the 1980s," ECLAC head Jose Antonio Ocampo told a news conference.

The organisation had previously said flat or negative growth for Latin America was possible this year but

it had fallen short of predicting an all-out shrinkage.

Gross domestic product (GDP) in Argentina, shattered by four years of recession, a debt default and damaging currency devaluation, is set to contract by 13.5 per cent this year, ECLAC said.

"The greatest danger which is still present is that the turmoil in Argentina might spread to other economies which could lead to a systematic crisis in the region and beyond," Ocampo said.

The economy of Uruguay, the country worst hit by fallout from the crisis in next-door neighbour Argentina, was forecast to shrink by 5 per cent this year.

Uruguayans staged a four-hour general strike on Thursday to demand wage increases and public works projects. The country, home to some 3 million people, has seen a run on the banks in recent days as it stumbles toward a crisis similar to that across the river Plate in Argentina.

The report predicted South American economic powerhouse Brazil will register GDP growth of 1.5 per cent this year, the same as in 2001.

"The strong pressures that are being exercised by the financial markets in that country will limit the prospects of reactivation in the second half," the report said.

Brazil's real currency has shed more than a third of its value so far this year in a dive begun by fears that a leftist presidential candidate might win October elections.

Mexico, in some ways closer economically to the United States than to the rest of Latin America, would see 1.0 per cent growth in 2002, the body forecast.

The UN body said Chile's export-based economy will grow by 2.5 per cent this year, down from an average of 7 per cent a year in the 1990s, and the economy in oil-producer Venezuela will contract by 3.5 per cent in 2002.

IBBL training course ends

The closing ceremony of 5-day long training course on "Entrepreneurship Development" for the officers of different ministries and public corporations was held in the city on Wednesday, says a press release.

It was organised under the joint collaboration of Islamic Research and Training Institute (IRTI) of Islamic Development Bank (IDB), Jeddah, KSA, and Islami Bank Training and Research Academy (IBTRA).

Shah Abdul Hannan, chairman of the Board of Directors was the chief guest while A N M A Zaher, chairman of the executive committee of the bank, was present as special guest on the occasion.

M Tajul Islam, executive vice-president of the bank and Director General of IBTRA presided over the ceremony. The function was addressed among others by Md Rabiul Alam, deputy director of the Directorate of Youth Development, Abdul Latif, zonal manager of Sirajganj Area of Rajshahi Krishi Unnayan Bank, and Begum Azizun Nahar, monitoring officer of Entrepreneurship Development Project of Jatiya Mahila Sangstha.



PHOTO: IBBL

Shah Abdul Hannan, chairman of the Board of Directors of Islami Bank Bangladesh Limited, Wednesday speaks as chief guest at the conclusion of a 5-day training course on "Entrepreneurship Development" for the officers of different ministries and public corporations organised jointly by Islamic Research and Training Institute (IRTI) of Islamic Development Bank (IDB) and Islami Bank Training and Research Academy (IBTRA) in the city.

US jobless claims up

AFP, Washington

Claims for unemployment benefits were up 20,000 to a seasonally adjusted 387,000 for the week ending July 27, the US Labor Department said Thursday.

The increase from the previous week marks the highest level of initial claims since the week ending July 6 and was significantly higher than expected. Economists had expected claims to rise by 8,000 to 370,000.

A Labor Department spokesman said much of the change reflected ongoing seasonal re-tooling and maintenance shutdowns in the auto industry.

Claims usually rise and fall sharply in July as the auto industry lays off and re-hires workers during its annual re-tooling period.

Jobless claims for the week ended July 20 were revised down by 16,000 to 367,000, compared to an initial estimate of a 21,000 decline to 362,000.

Looters ransack Montevideo as financial crisis deepens

AFP, Montevideo

Police stood guard outside shopping centers Friday to prevent looting as Uruguay continued to be gripped by a financial crisis that led to bank closures this week and raised a fervent hope the IMF can save the day.

Looters ransacked 16 supermarkets in the suburbs Thursday while the government was putting together a bill -- called Strengthening the Financial System -- to put financial institutions back on track and prevent a run on banks.

The measure had been expected to be completed and announced that same day, but Economy Minister Alejandro Atchugarry in the evening told reporters that "tomorrow we'll tell parliament and then the nation what we're working on."

The measure is designed to restore confidence in Uruguay's troubled financial system and halt

financial bloodletting at the banks.

The government called a bank holiday Wednesday and prolonged it through the weekend to prevent further depletion of central bank reserves, as the financial crisis that has embroiled Argentina since December began to take its toll here.

Uruguay's Central Bank announced it had exempted the country's Exterior Financial Institutions (offshore banks) from the forced bank holiday, adding that they could open their doors on Friday.

Uruguayans were restless after two days of being denied access to their money, and rumors were flying about an imminent IMF loan. A Uruguayan delegation is negotiating with the Washington-based IMF.

When it became clear an IMF agreement would not come Thursday, Atchugarry said the legislative measure had been

postponed 24 hours.

Atchugarry's announcement came after a two-and-a-half-hour meeting with President Jorge Batlle and the country's leading politicians.

A government official who asked not to be identified said a new IMF loan to bail out the country would likely come before Monday.

The country's single labor union, the PIT-CNT, called for a partial strike Thursday and organized protest marches to Congress and the Executive buildings to demand a national dialogue on the economic crisis.

Meanwhile, police fanned out Thursday to prevent looting at shopping centers, stores and shops throughout the city.

Interior Minister Guillermo Stirling said 30 supermarkets were targeted by looters Thursday, with 16 of them sustaining some losses.