

Ex-WorldCom officials got huge IPO shares, thanks to Salomon

REUTERS, Washington

Former top WorldCom Inc WCOEQ, PK executives bought hundreds of thousands of shares in many initial public offerings, including rival telecom players' offerings, thanks to Salomon Smith Barney and its predecessor companies, records released Tuesday showed.

Those who purchased shares included former Chief Executive Officer Bernard Ebbers, former Chief Financial Officer Scott Sullivan, current WorldCom Chairman Bert Roberts, and current board director Stiles Kellett, among others, according to documents given to the US House Financial Services Committee.

They bought shares in offerings ranging from now-bankrupt Rhythms NetConnections, Williams Communications Group WCGROB and rival long-distance telephone carrier Qwest Communications International Inc Q. N to other industries like United

Parcel Service UPS.N and Kraft Foods KFT.N, the records showed. Ebbers was the biggest buyer, paying about \$17 million for some 869,000 shares in 21 IPOs between June 1996 and August 2000, including 205,000 shares of Qwest, the records showed.

Ebbers was ousted as chairman of WorldCom in April as a result of pressure from the company's huge debt as well as about \$400 million in personal loans that the company made to him. His lawyer was not immediately available for comment.

"It's hard to avoid the conclusion that IPOs were offered in order to leverage investment banking business," said committee spokeswoman Peggy Peterson. "There are large policy questions here about IPO allocations and I think our members are going to be very interested in this issue."

The US House Financial Services Committee subpoenaed the information as part of its probe into the bankruptcy of WorldCom,

and if the firm's former star telecommunications analyst, Jack Grubman, was involved in the process to win investment banking business.

Grubman left the firm earlier this month and under investigation for possible conflicts of interest. He has been widely criticized for his positive ratings on communications companies even as they were imploding.

WorldCom admitted in June and July to a whopping \$7.6 billion in accounting errors dating back to 1999 and the No 2 US long-distance telephone and Internet data mover was forced to file for bankruptcy protection in July.

The data turned over by Salomon's parent, Citigroup Inc CN, did not include information of when, if ever, the shares were sold and for how much, a top question likely to come from lawmakers.

In the late 1990s through early 2000, technology IPOs were almost

guaranteed to skyrocket in the open market, meaning investors who got in at their offering prices would likely reap risk-free gains.

Rhythms soared more than 200 per cent in its April 6, 1999, debut offering at \$21, and rose as high as \$64 that day. The company has since filed for bankruptcy. UPS jumped 30 per cent, to \$65, from its pricing of \$50.

"This raises additional questions about whether there may have been spinning involved and what the timing of the allocations was," Peterson said, referring to the practice of selling the shares once trading begins, often at a higher price.

Salomon, which won hundreds of millions in fees from telecom deals over the years, has defended the practice of offering IPO shares to top corporate executives though admitted Salomon was considering new measures to improve the process.



Picture shows Managing Director of Dhaka Bank Limited Md Mokhlesur Rahman, Senior Vice-President Shamshad Begum, faculty members and participants at the valedictory session of the bank's "Foundation Course for Bankers" held recently in the city.



Muhammad Sajid-ul Haq, managing director of United Commercial Bank Ltd, speaks as chief guest at the certificate awarding ceremony of a course on branch management for would-be managers at the UCBL Training Institute on Tuesday. Hamidul Haq, additional managing director, A H M Nurul Islam Choudhuri, principal of the Institute, and M M Rafiqur Rahman, vice-president (Admn), are also seen in the picture.

Enron investors secure \$40m settlement from Andersen Worldwide

AFP, Washington

Investors in the failed energy group Enron Corp, said Tuesday they had secured a 40-million-dollar settlement from Andersen Worldwide.

The deal was announced by University of California, the lead plaintiff in a class action suit against the accountant, which audited Enron's flawed books.

Andersen Worldwide is the Swiss-based coordinating entity of the Andersen accounting firms. Arthur Andersen, the US company that actually examined Enron's accounts, is not covered by the settlement.

"This substantial settlement is a favorable result for the class in light of the limited role of the non-US Andersen entities," University of California general counsel James Holst said.

It was one of the biggest recoveries from an accounting firm, he said in a statement.

"We regard this settlement as only a first step in obtaining recovery for the class, and will continue to pursue damages from the remaining defendants, most of whom had far deeper involvement in the Enron debacle than the overseas Andersen firms," Holst said.

Andersen Worldwide did not admit liability or wrongdoing, the university said. The settlement was subject to court approval.

The division of the Andersen Worldwide settlement between shareholders and pension holders had yet to be determined.

Enron filed for bankruptcy in December last year, its reputation shattered by a slew of accounting scandals.

The settlement, worked out over

the past few weeks, included 15 million dollars to finance costs -- but not attorney's fees -- of the continuing litigation.

"This first settlement recovers millions of dollars for the class and demonstrates that even relatively minor actors may face substantial liability to Enron's investors," said William Lerach, a partner in the Enron lead counsel firm Milberg Weiss Bershad Hynes and Lerach.

The University of California said total losses experienced by all Enron shareholders were estimated at more than 25 billion dollars.

Arthur Andersen, the US accounting firm, was convicted in June of obstruction of justice for destroying tonnes of documents related to its former client Enron.

The verdict effectively ended the audit business for Andersen, which had been one of the Big Five global

firms. Prosecutors only now are narrowing in on Enron.

Last week, a former Enron executive, 37-year-old Michael Kopper, pleaded guilty in a court in Houston, Texas, to conspiracy to commit wire fraud and money laundering.

Prosecutors said it was a milestone in their efforts to build a criminal case against the energy trader's former management.

Kopper also agreed to cooperate with authorities in their probe into the company's collapse and to forfeit 12 million dollars.

The collapse of Enron -- which had close ties to the administrations of President George W. Bush and his predecessor, Bill Clinton -- was the first in a series of financial scandals that roiled US financial markets and led to tougher regulation of financial reporting.

CURRENCY

Following is yesterday's foreign exchange rate statement by Standard Chartered Bank.

Table with columns for Selling, Currency, and Buying (TT Clean, OD Sight Doc, OD Transfer). Lists exchange rates for various currencies like USD, EUR, GBP, etc.

Exchange rates of some currencies against US dollar

Table with columns for Indian rupee, Pak rupee, Lankan rupee, Thai baht, Norwegian, NZ dollar, AUD.

Local Interbank FX Trading:

The local interbank foreign exchange market was active Wednesday. Demand for dollar continued to remain high, which weakened the BDT further against the dollar and was quoted at 58.28/30 for the day.

Local Money Market: Market experienced steady demand for overnight borrowing. Improved liquidity conditions in the private banks eased the call money rate further and the rate ranged between 3 and 4 per cent for the day.

International Market: Dollar regained some balance after the downward surge in Tuesday following the sharp fall in US consumer confidence index.

The fall in Wall Street also contributed to the slide of dollar. German business sentiment fell in August as expected but euro remained steady against the dollar.

SHIPPING

Chittagong port

Table showing berth position and performance of vessels as on 28.8.2002. Columns include Berth No., Name of vessels, Cargo, L Port call, Local agent, Date of arrival, Leaving, Import disc.

Vessels due at outer anchorage

Table showing vessels due at outer anchorage. Columns include Name of vessels, Date of arrival, L Port call, Local agent, Cargo, Loading port.

Vessels at Kutubdia

Table showing vessels at Kutubdia with columns for Dea Captain, Arafteen, R/A (18/8).

Vessels at Outer Anchorage Ready On

Table showing vessels at Outer Anchorage Ready On with columns for Name of vessels, Local agent, BSC, R/A.

Vessels Awaiting Instruction

Table showing vessels awaiting instruction with columns for Name of vessels, BSC, R/A (25/8).

Movement of vessels for 29.08.2002

Table showing movement of vessels for 29.08.2002 with columns for Outgoing, Incoming, Shifting.

The above are yesterday's shipping position and performance of vessels at Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

STOCK