

Bush claims progress on corporate fraud investigations

AFP, Washington

President George Bush said Thursday his administration has made substantial progress cracking down on business executives who have committed corporate fraud, ushering in a new era of corporate integrity.

"We are making broad and dramatic progress against corporate fraud in America," Bush told federal law enforcement officials.

"We will hold corporate criminals accountable for their misdeeds. And we will deter corporate crimes by enforcing tough penalties."

As evidence of that progress, Bush said the Justice Department had opened more than 100 investigations into corporate fraud, with charges against more than 150 people, since he announced a task force on the matter two and a half months ago.

Sony to merge with Aiwa

AFP, Tokyo

Japanese electronics giant Sony Corp. said Friday it will merge with its ailing subsidiary Aiwa Co. Ltd. on December 1 instead of just taking 100 percent ownership after radically restructuring the company.

"Although the integration of Aiwa's operations into Sony has proceeded smoothly, it was decided that a complete unification of the two companies by merger would be the best," the firms said in a statement.

Aiwa's factories in Malaysia and Indonesia have been shut down, and its domestic production and sales have already been absorbed into Sony's, the statement said.

Some 600 of Aiwa's remaining 1,100 permanent employees will have been laid off by October and nearly all Aiwa sales subsidiaries are in the process of closing, with sales and services being conducted by Sony in Asia, the Middle East and the United States, it said.

The move means Aiwa will cease to exist as a company in its own right and become a sales division of Sony, although Sony said the Aiwa brand name would survive on products.

Former WorldCom controller pleads guilty to fraud

REUTERS, New York

WorldCom Inc.'s former controller pleaded guilty Thursday to taking part in one of the largest corporate accounting scandals in US history, saying he followed orders from senior management to falsify the telecommunication giant's books.

David Myers, 44, of Madison, Mississippi, pleaded guilty before US District Judge Richard Casey in Manhattan federal court to false filing of documents with securities regulators, conspiracy to commit fraud and securities fraud.

"I was instructed on a quarterly basis by senior management to ensure that entries were made to falsify WorldCom's books to reduce WorldCom's reported actual costs therefore increasing reported earnings," Myers told the judge. He said that he worked with

others under his supervision at the direction of senior management to make accounting adjustments "for which I knew there was no justification or documentation."

After the plea hearing, Myers' lawyer told reporters that his client is cooperating with authorities but would not comment on whether Myers would testify against others.

Myers' cooperation could help prosecutors build a case against indicted former Chief Financial Officer Scott Sullivan, his immediate higher-up in the company, and even against former Chief Executive Bernard Ebbers. Ebbers has not been charged.

Casey accepted Myers' guilty plea and set a tentative sentencing date of Dec. 26. The two fraud charges each carry a possible maximum sentence of five years, while the false filing charge carries

10 years. However, the federal sentencing guidelines, which have not yet been determined by the judge, will most likely result in a sentence far lower than the maximum.

As Myers' pleaded guilty, the Securities and Exchange Commission filed a related civil suit against the former executive in Manhattan federal court. His lawyer N Richard Janis said he expects to resolve that suit soon.

Janis told reporter-B is client has also reached an agreement with Mississippi Attorney General Mike Moore to plead guilty to one court of violating that state's laws. He said the plea could take place as early as next week but did not expect it to result in additional sanctions.

Myers is the first to plead guilty in the alleged conspiracy that prosecutors say allowed WorldCom to

report earnings inflated by billions over more than 18 months.

WorldCom, the No. 2 long-distance carrier in the United States, filed the world's largest application for bankruptcy protection in July as the company buckled under \$40 billion (US) in debt and huge accounting misstatements. WorldCom has also been sued by the SEC.

Sullivan and WorldCom's former Director of General Accounting Bufford Yates, who were indicted together, have both pleaded not guilty. They are accused of conspiring with others to begin the illegal scheme in October, 2000, aimed at hiding expenses and thus inflating WorldCom earnings to meet Wall Street expectations. The indictment alleges the scheme lasted through this June.

Hopeful signs emerge amid gloom on US economy

REUTERS, Washington

A flurry of economic reports Thursday helped temper fears the US economy was fast losing momentum, but failed to fully dispel gloom stemming from an ailing stock market and concerns about war.

Government reports showed a drop in claims for jobless benefits, record new home sales and signs a long-lasting slump in business spending may be nearing an end -- better-than-expected news that boosted blue chip stocks.

"The economy's not tipping back into recession, that's clear," said Gerald Cohen, a senior economist at Merrill Lynch in New York. "The question is how strong or weak is growth."

The Dow Jones industrial average, which had its biggest one-day gain in six weeks on Wednesday, closed up 155 points at 7,997, but the tech-heavy Nasdaq Composite gave up earlier gains to close off a bit below a point at 1221.6.

Most US Treasury prices tumbled on the data, a sign investors were scaling back bets that economic weakness would push the Federal Reserve to lower interest rates.

Orders for durable goods -- costly manufactured items intended to last at least three years -- slipped 0.6 per cent in August, the Commerce Department said, but economists on Wall Street had been expecting a steep 2.6 per cent drop.

While orders fell, they would have gained 0.6 per cent had it not been for a drop in defense orders.

In addition, non-defense capital goods orders -- a gauge of business investment spending -- rose 5.9 per cent and 0.6 per cent excluding aircraft, building on increases in July.

"We're seeing signs even in this report, as modest as the number is, that capital spending, while it isn't going to be roaring back, at least we're moving up the hill, we're not sliding back," said Tim O'Neill, chief economist at Bank of

Montreal/Harris Bank.

A falloff in capital spending led the economy into recession last year, and Fed officials have said a pickup is vital to ensuring a solid, sustainable recovery.

"Anyway you slice it, today's release shows that the long-awaited investment recovery is finally underway," National Association of Manufacturers President Jerry Jasinowski said.

A separate report from the Labour Department showed initial claims for jobless benefits -- a rough guide to the pace of layoffs -- fell 24,000 to 406,000 last week, well below the 421,000 figure Wall Street was bracing for.

While claims remained stubbornly above the 400,000 level that economists say signals a weak jobs market for a fifth straight week, at least they moved in the right direction.

"The labour market is not deteriorating to an extent that will hurt consumer spending," said John Lonski, chief economist at Moody's

ROK industrial output beats expectations

AFP, Seoul

South Korea's industrial output grew beyond expectations in August due to robust exports of semiconductors and automobiles but economists said overseas uncertainties loom large for the country.

August industrial output, seasonally-adjusted, was up 3.3 percent from the previous month after a 1.9 percent gain in July, the National Statistical Office said.

"Output and consumption maintained their growth momentum and plant investment turned to positive growth," the NSO said.

August industrial output grew 8.5 percent from a year ago compared with a revised 8.7 percent gain in July.

Semiconductor output for the month grew 25.0 percent year-on-year, down from a 27.5 percent gain in the previous month, while auto output was up 12.8 percent from a year earlier after a 5.0 percent gain in July.

Computer and petrochemical industries also performed well.



A K M Sajedur Rahman, managing director of Bangladesh Krishi Bank, addresses the Branch Managers' and Field Workers' Conference-2002 of Dhaka region of the bank in the city on Wednesday.

Weekly Currency Roundup

September 23 September 26, 2002

Demand for dollar was high throughout the week as the importers sought for the U.S. currency to buy food grains and edible oil ahead of Ramadan in November. BPC's demand for the greenback to open LCs against import of petroleum products, lower remittance and import of automobiles also fueled the strengthening of USD. On Monday BDT was quoted at 58.45/48 against the dollar which went up to 58.49/50 on Thursday.

Treasury bill auction was held on Sunday where Bangladesh Bank borrowed BDT 12.58 billion from country's banking system. The central bank accepted BDT 8930 million at 6.30 per cent for 28D T-bills, BDT 100 million at 6.40 per cent for 91D T-bills, BDT 50 million at 6.38 per cent for 182D T-bills, BDT 70 million at 6.46 per cent for 364D T-bills and BDT 70 million at 10.34 per cent for 5-year T-bills.

Demand for BDT for overnight borrowing was high throughout the week. The call money rate rose over 7 per cent early in the week due to the pressure in the fund market for auction payment of treasury bills. The call rate eased at 6.50-7.00 percent later in the week after the improvement of liquidity through maturity of treasury bills.

The week started with the major focus of the market remained on euro because of the German election. Narrow victory by the party of Gerhard Schroeder kept the euro range bound in the market and it remained at around .9820 in the early trade. Japan market was closed, which slightly eased the selling pressure on the yen. The greenback stood at 123 yen, slightly short of three-month highs scaled on Friday. Euro also eased against the Japanese currency and fell below 121 yen.

Yen regained some ground against the dollar and euro in the middle of the week after its huge slide on Monday. Majors remained range-bound as tensions over Iraq rose and traders waited for the announcement of Federal Open Market Committee announcement. Sterling eased from its recent three-year peaks against the yen. Yen surged against the dollar and euro in European trade as dealers scrambled to cover their short positions. Firmer than expected Japanese stock market, rumors of resignation of Japanese Financial Services Minister Haluo Yanagisawa, a firm opposition of bank reform, and an rise in export by 6.2 per cent in August helped yen to recover. The dollar remained range bound as dealers digested a tumble in US stock that fell to four-year lows and Federal Reserves decision to leave the US rates unchanged at 1.75 per cent.

At the end of the week, the yen rebounded in New York trade from three-year lows against the Euro, led by stirring hopes that Japan's ailing banking sector could be moving closer to long-hoped-for reform. The yen's strength against the euro also helped lead the Japanese currency higher against the dollar. The dollar, in turn, found strength against the Euro, in part, from a rally in US stocks after equities fell to multi-year lows on Tuesday. A meeting of Group of Seven finance ministers and central bank governors in Washington on Friday also kept major currencies in tight range.

At 1440 hours on Thursday, euro was traded at 0.9788/90, GBP at 1.5598/03, yen at 122.79/84 against the dollar. -- Standard Chartered Bank

US cotton subsidy ruining poor nation farmers, says Oxfam

AFP, Geneva

Annual government subsidies worth 3.9 billion dollars for US cotton growers are threatening the livelihoods of small farmers in some of the world's poorest countries, the relief agency Oxfam International charged Friday.

An Oxfam report released here came as Brazil was preparing to lodge a complaint against the US subsidies with the World Trade Organization.

Oxfam argued that the 3.9 billion dollars (four billion euros) in annual government assistance made available to some 25,000 US cotton growers is more than three times the amount of official US aid to the 500 million inhabitants of Africa.

"The United States sees itself as a leading advocate of free trade, but when a small cotton grower in Mali tries to sell his product on the world market he comes up against massively subsidised US cotton," said Romain Benicchio, Oxfam International's representative here.

Brazil takes US cotton subsidy to WTO

AFP, Geneva

Brazil said Friday it had formally lodged a challenge against US subsidies to cotton producers and exporters with the World Trade Organisation (WTO).

The request for consultations with Washington on the issue -- the first stage of the WTO's dispute settlement procedure -- covers a variety of domestic support measures, subsidies and grants provided by US authorities to its producers, exporters and cotton users, Brazil said in a statement.

"Brazil understands that the measures at issue are trade distorting, have a significant negative impact on the production and commercialisation of cotton in Brazil and worldwide," the Brazilian mission to the WTO said here.

"Brazil believes that these measures impair Brazil's rights and are inconsistent with the US obligations under the WTO agreements," it added.

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