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US Businessman Found Guilty of \$11 Billion Fraud

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A U.S. businessman who built a small phone company into a telecommunications giant has been convicted of an \$11 billion accounting fraud. Former WorldCom chief Bernard Ebbers faces a possible 85-year prison term.

A federal jury in Manhattan found the 63-year-old Mr. Ebbers guilty of nine counts, including fraud, conspiracy and filing false documents. During the trial, jurors heard how Mr. Ebbers had inflated the earnings and hidden the expenses of WorldCom to fool investors and lenders.

After the fraud was uncovered, WorldCom collapsed in the largest bankruptcy in U.S. history.

Mr. Ebbers declined to comment after the verdict, but during the trial he staunchly maintained his innocence. He said he had been unaware of the fraud, and would have stopped it if he had known it was happening.

Defense attorney Reid Weingarten promised to appeal, telling reporters "we profoundly disagree with the verdict." He said he did not believe Mr. Ebbers had acted with criminal intent.

"Absolutely CEOs have a responsibility," he said. "But it doesn't mean that they've committed crimes when misdeeds were committed in their organizations that they didn't know about. The captain of the ship is responsible for the ship but he's not criminally responsible unless he acts with criminal intent, and I don't think Mr. Ebbers ever acted with criminal intent, and still don't today, despite the verdict."

Mr. Ebbers' conviction comes more than two years after an internal auditor at WorldCom uncovered suspicious accounting practices. A further investigation revealed that accountants had made \$11 billion worth of false entries to hide financial problems from investors and the public.

The guilty verdict completes a spectacular fall for Mr. Ebbers. He had become a legend in the business community, leading a small Mississippi long distance phone company, through a series of mergers and acquisitions, to become one of the largest telecommunications conglomerates in the United States.

When he was forced to resign as WorldCom's chief in 2002, the empire was valued at 35 billion dollars, employed 85,000 workers, served 20 million customers, and showed several billion dollars in operating profit.

After declaring bankruptcy, WorldCom re-emerged under the name MCI. The company reported a net loss of nearly \$4 billion last year, mostly blamed on the financial mess left during the Ebbers era.