



TRANSPARENCY INTERNATIONAL LUXEMBOURG

The press review

17 au 23 janvier 2013

Prepared by Transparency International Luxembourg

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NATIONAL



18.01.2013 / EXKLUSIV/ Politiker in Luxemburg: So steht's um ihre Immobilien und Schulden!

Bevor der „gläserne Abgeordnete“ endgültig begraben wird

The image shows two pages of a handwritten ledger or account book. The left page is titled "CASE N° 393 / MOSAR - Kalkül" and the right page is titled "1. Februar 2013, Luxemburg - normal annual bill". Both pages contain columns of numbers and text, likely representing financial data such as income, expenses, and debts. The handwriting is in black ink on lined paper.

„Mehr Transparenz, aber in Maßen“ – so lautet das Motto vom Präsidenten der Abgeordnetenkammer, Laurent Mosar. Dabei hatten die Volksvertreter angesichts der in Luxemburg weit verbreiteten Lobbyarbeit unserer Parlamentarier mehr Transparenz über ihre Abhängigkeiten, Nebenjobs, Finanzen und Besitztümer versprochen. Nun heißt es plötzlich: „Wir wollen ebenso wenig den gläsernen Abgeordneten schaffen, wie die Mitbürger den gläsernen Bürger wollen, zu viel

Transparenz tötet die Transparenz.“ Und schon arbeitet man daran, den Einblick in ihre Finanzen zu verhindern.

„Privat“ hat sich deshalb die Auszüge unserer Volksvertreter im Hypothekenamt besorgt – legal versteht sich! Sie geben Aufschluss darüber, wie die Parlamentarier mit ihren Besitztümern umgehen, was sie besitzen und welche Schulden sie haben. Sie sind die Bilanz ihres Umgangs mit Geld. Jeder kann sich einen solchen Auszug beschaffen. „Les conservateurs des hypothèques sont tenus de délivrer à tous ceux qui les requièrent, copie des actes transcrits sur leurs registres et celles des inscriptions subsistantes ou certificats qu’il n’en existe aucune», heißt es im Artikel 2196 des Code Civil. Wer also Auskunft über seinen Nachbarn haben möchte, muss lediglich den Namen und das Geburtsdatum kennen. Im zuständigen Hypothekenamt bekommt er gegen eine geringe Gebühr den öffentlich zugänglichen Ausdruck ausgehändigt.

Banker: Strauß-Sohn wollte 300 Millionen nach Luxemburg schaffen

Der Sohn des früheren bayrischen CSU-Politikers Franz Josef Strauß soll versucht haben, das Erbe seines Vaters zu transferieren.



Max Strauß bestreitet den Vorwurf, den Transfer von 300 Millionen Mark ins Großherzogtum beabsichtigt zu haben.

Foto: Archiv/Guy Wolff

(dpa) - Der Sohn des früheren bayrischen CSU-Politikers Franz Josef Strauß, Max Strauß, soll nach Aussage eines Bankmitarbeiters 1992 versucht haben, das Erbe seines Vaters in Höhe von 300 Millionen Mark in bar nach Luxemburg zu schaffen. Der Banker sagte am Freitag als Zeuge vor dem Landgericht Köln aus. Max Strauß bestreitet den Vorwurf.

Der heute 60 Jahre alte Banker arbeitete 1992 für die Citibank in München. Eines Tages habe er einen Anruf von einer Kollegin aus Luxemburg erhalten, sagte er. Diese habe ihm von einem Anrufer namens Max Strauß berichtet, der Geld nach Luxemburg transferieren wolle. Der Banker rief daraufhin - so seine Aussage - in der Anwaltskanzlei von Max Strauß an, bat

darum, Max Strauß sprechen zu dürfen und wurde zu einem Mann durchgestellt, von dem er annahm, dass es Max Strauß war.

Bank lehnte den Transfer nach Luxemburg ab

Er habe gefragt, um welches Geld es sich handele, und habe als Antwort sinngemäß erhalten: „Das ist unser Erbe von unserem Vater. Der Betrag ist 300 Millionen.“ Das Geld liege bei der Landesbank in München. Es sei ein Bartransfer nach Luxemburg gewünscht worden. Die Bank habe damals aber die Linie gehabt, kein Geld von Politikern oder von deren Familien anzunehmen. Deshalb sei keine Geschäftsverbindung zustande gekommen.

In dem Verfahren in Köln klagt Max Strauß gegen den Buchautor Wilhelm Schlötterer auf Unterlassung. So soll Schlötterer nicht mehr behaupten dürfen, dass Franz Josef Strauß seinen Kindern bei seinem Tod im Jahr 1988 300 Millionen Mark hinterlassen habe. Schlötterer hat dem CSU-Politiker und bayerischen Ministerpräsidenten in seinem Buch „Macht und Missbrauch“ vorgeworfen, ein Millionenvermögen kriminell erwirtschaftet zu haben.



20.01.2013 / Affäre Zeyen: Roby Bieber macht sich lächerlich

Zeyen hat seine Pflicht getan: Er hat den Personalausweis seines Mandanten kopiert

Da macht es sich der Generalstaatsanwalt Roby Bieber aber sehr einfach! Er will den durch die „Bild“-Enthüllungen angeschlagenen Vize-Präsidenten von Eurojust, Carlos Zeyen, aus der Schusslinie nehmen und gibt unumwunden und sehr blauäugig über den Umweg einer von ihm motivierten Erklärung der Luxemburger Regierung zu, wie einfach es damals war, Geld

weißzuwaschen oder zu verstecken: Zeyen hat seine gesetzlichen Pflichten damals komplett erfüllt, meint Schlaumeier Bieber. Denn –man muss sich das auf der Zunge zergehen lassen- er hat den Personalausweis seines Mandanten kopiert. Das war damals so, fügt Bieber hinzu. Und da hat er sogar Recht, beweist allerdings die Armseeligkeit der damaligen Gesetzgebung und der Deontologie der Anwaltskammer.

Na dann. Ein Freifahrtschein für alle Luxemburger Anwälte Ende der neunziger Jahre. Bonjour, lieber Kunde. Ach so, sie haben ein paar Milliönchen zum weißwaschen? Geht klar! Ich brauch nur eine Kopie ihres Ausweises für die Akten und schon sind wir im Schleudergang. Hier ist meine Rechnung, Kopie inbegriffen und gute Heimreise.

So ungefähr lief das also ab.

Logisch, dass Bieber versucht, seinen früheren Anti-Geldweißwäscherei- Staatsanwalt in ein gutes Licht zu stellen, denn **viele andere Anwälte agierten damals genau so**, u.a. auch solche, die heute in der Regierung mit unseren Finanzen jonglieren. Und genau diese Regierung verteidigt die Praxis der Neunziger!

Hier der Originaltext (den man nicht so leicht bei den Institutionellen findet) der Mitteilung:

« En 1990, un dénommé GIRKE a contacté, sur recommandation d'une banque très honorablement connue de la place de Luxembourg et auprès de laquelle il détenait déjà des avoirs, le cabinet d'avocats dans lequel travaillait M. ZEYEN. Il avait acquis ultérieurement trois sociétés off-shore dont les comptes avaient dans la suite été transférés vers une autre banque.

M. ZEYEN et un associé de son étude avaient des mandats fiduciaires comme actionnaires et membres du conseil d'administration.

Une société de domiciliation était le «service provider» effectif. Les sociétés en question n'avaient pas de véritable activité commerciale, mais se limitaient surtout à la détention des fonds y investis dès le début.

M. ZEYEN se rappelle avoir rencontré M. GIRKE une fois. Lors de cet entretien, ce dernier lui avait indiqué qu'il était un homme d'affaires faisant, après la réunification allemande, du commerce dans l'ancienne République démocratique allemande («RDA») (il y en avait beaucoup à l'époque, et parmi eux un certain nombre faisaient confiance au Luxembourg). Lors de cette entrevue, M. ZEYEN a fait prendre photocopie de la carte d'identité de celui-ci, ce qui était à l'époque d'après une circulaire de l'Ordre des avocats à Luxembourg la seule obligation incombant aux avocats en la matière.

Il est à préciser à ce sujet que les avocats n'ont été soumis au dispositif «KYC» («know your customer») qu'en vertu d'une Directive de l'Union européenne transposée au Grand-Duché de Luxembourg par une loi du 12 novembre 2004.

Ce fut probablement fin 1992 que l'étude d'avocats de M. ZEYEN a été contactée par des représentants de la «Bundesanstalt für vereinigungsbedingte Sonderaufgaben», en abrégé «BVS», organe ayant repris les activités de l'ancienne «Treuhand», qui ont ensuite rendu visite à M. ZEYEN à Luxembourg. Lors de cette entrevue ces représentants expliquaient que, suite aux décisions, négociations et accords relatifs à la réunification allemande, les fonds appartenant aux trois sociétés revenaient à la République fédérale d'Allemagne.

Immédiatement après l'entrevue avec la BVS ainsi qu'avec les mandataires de celles-ci à Luxembourg en vue du transfert des sociétés et de leurs avoirs vers les nouveaux bénéficiaires économiques, les opérations de transfert ont été entamées. Elles ont été finalisées en 1994."

Il s'agissait en tout d'un montant d'à peu près deux millions d'euro.

Dans les conditions données il ne saurait dès lors être question ni d'infraction pénale, ni de faute disciplinaire.

Il importe de noter que M. ZEYEN a dirigé et a contribué notablement au développement au Parquet de Luxembourg de la «Cellule de Renseignement Financier» chargée de la lutte contre le blanchiment d'argent. Il s'est adonné à cette tâche avec engagement et compétence. Il est un fait que les établissements financiers et autres professionnels du secteur financier avaient non seulement un profond respect envers M. ZEYEN, mais le redoutaient même en raison de son professionnalisme et de sa rigueur professionnelle.»



19.01.2013 / Strauß' 300 Millionen DM in Luxemburg: Kölner Landgericht nicht überzeugt von "Macht und Missbrauch"

Vorwürfe laut Richterin nicht ausreichend belegt

Max Strauß (53), der Sohn von Franz-Josef Strauß, soll 1992 das Familienerbe von 300 Millionen DM in bar auf ein Luxemburger Konto der Citibank transferiert haben! Das behauptet Schriftsteller Wilhelm Schlötterer in seinem Buch „Macht und Missbrauch“. Max Strauß: „Das ist total abwegig!“ Schlötterer bezieht sich mit seinen Behauptungen auf die Aussage eines Bankers, mit dem Strauß angeblich über die Einzahlung geredet haben soll. Das Kölner Landgericht befragte den Banker gestern als Zeuge und war nicht überzeugt.

Die Vorsitzende Richterin machte unmissverständlich klar, dass sie die Vorwürfe für nicht ausreichend belegt halte. Das definitive Urteil soll im Februar fallen.

SED-MILLIONEN

22. Januar 2013 16:28

Neue Vorwürfe gegen Zeyen

Die illegalen SED-Millionen und der Vizepräsident von Eurojust Carlos Zeyen beschäftigen weiter die deutsche Zeitung „Bild“. Jetzt sollen neue Vorwürfe gegen den EU-Beamten vorliegen.

Hat der Luxemburger geholfen, DDR-Gelder beiseite zu schaffen?

[Regierung nimmt Zeyen aus der Schusslinie](#)



["Carlos Zeyen soll zurücktreten"](#)

[Hat Luxemburger SED-Geld verschoben?](#)

Vor ein paar Wochen hatte die deutsche Zeitung „Bild“ gemeldet, dass der Vizepräsident von Eurojust, Carlos Zeyen, in seiner früheren Tätigkeit als Rechtsanwalt in Luxemburg in die Verschiebung von DDR-Vermögen verwickelt sein soll. In die Affäre war laut „Bild“ ebenfalls SED/PDS-Strohmann Werner Girke verwickelt. Zeyen soll nichts von den illegalen Verschiebungen gewusst haben, so die deutsche Zeitung. Er habe erst 1993 davon erfahren.

„Bild“ zufolge taucht der Namen Carlos Zeyen im Zusammenhang mit einer anderen Gesellschaft auf, über die angeblich ebenfalls SED-Vermögen verschoben wurden. Teilhaber der Firma war Lothar Bisky, langjähriger Spitzenfunktionär und ehemaliger Vorsitzender der PDS und heutigen Linkspartei gewesen sein.

Bei den erneuten Vorwürfen geht es „Bild“ zufolge um die „EMG Elektronische Mediengesellschaft Holding AG“ in Luxemburg. Carlos Zeyen und sein Anwaltspartner Marc Feider gründeten das Unternehmen am 1. Juni 1990. [In einer eidesstattlichen Erklärung](#) gab Marc Feider an, er und Carlos Zeyen hätten damals sämtliche Aktien übernommen. Die Übernahme der Aktien sei für Rechnung und auf Risiko des Regisseurs Wolfgang Wenzel erfolgt. Wenzel war „Bild“ zufolge, wie Girke, ein Strohmann der SED/PDS. Die EMG hatte mehrere Unterfirmen und Ableger.

Auch PDS-Abgeordnete dabei

Unter den Aktionären bzw. Gesellschaftern der verschiedenen Firmen waren neben Lothar Bisky die damalige PDS-Abgeordnete Marion Morgenstern sowie Gerd Pelikan, der ehemalige Leiter einer SED/PDS-Arbeitsgruppe zur „Sicherung“ des Parteivermögens, so „Bild“.

Die Unabhängige Kommission zur Ermittlung des DDR-Parteivermögens (UKPV) für den deutschen Bundestag bestätigt die Informationen der Zeitung. Sie soll ebenfalls herausgefunden haben, dass die EMG-Gruppe die PDS-Vermögenssicherung als Ziel hatte. Die Aktiengesellschaften seien von verlässlichen, der Partei verbundenen Treuhändern gegründet worden. Zu diesen Vertrauensleuten der Partei zählten angeblich auch Carlos Zeyen und sein Anwaltskollege. Reinhard Krämer, ein ehemaliges Ausschuss-Mitglied bestätigte „Bild.de“ gegenüber die Verbindung Zeyens zur SED/PDS. Er soll dort eine beratende Rolle eingenommen haben.

22.01.2013 / Parlamentarischer Ausschuss: Charles Hoffmann bisher der „kompetenteste“ Geheimdienst-Chef

Präziser und umfassender Einblick in geheime Sachen



Während der aktuelle Geheimdienst-Chef Patrick Heck nervös mit seinem Kugelschreiber spielte und Worte suchend auf die Tischplatte sah, der ehemalige Geheimdienst-Chef Marco Mille nach Antworten suchend sich im Lügennetz seiner eigenen Abhöraktion gegen Jean-Claude Juncker verding, zieht sich Charles Hoffmann, Geheimdienst-Boss von 1985 bis 2003, bisher am besten aus der Affäre. Flüssig, ohne groß nachzudenken, gibt er auf alle Fragen der Ausschuss-Mitglieder präzise Auskunft. Immer wieder steuert er von sich aus Wortbeiträge auf die Fragen der Politiker bei. Insbesondere gab er einen umfassenden Einblick in die Arbeit des Geheimdienstes, als die 300.000 Karteikarten über Personen angelegt wurden, erklärte dabei auch die hierarchischen Abläufe

SREL: Pas d'espionnage politique, selon Charles Hoffmann



| SREL/Charles Hoffmann : «Je suis un produit de la Guerre froide»

SREL/Charles Hoffmann : «Je suis un produit de la Guerre froide»

SREL: Pas d'espionnage politique, selon Charles Hoffmann

2013-01-22 14:10:00



Taille de la police:

La réunion est ouverte au public (Photo: archives)

La Commission d'enquête sur le SREL auditionne ce mardi depuis 14h l'ancien Directeur du Service de Renseignement Charles Hoffmann.

Charles Hoffmann a débuté son audition en jugeant regrettable la situation actuelle du SREL. Il a par ailleurs souligné n'avoir jamais agi pour le compte d'un parti politique. À ses connaissances, il n'y aurait pas eu d'écoutes illégales.

Le SREL se serait surtout intéressé à toutes les tendances extrémistes, dont auraient pu naître des dangers potentiels pour la démocratie.

Ne pouvant commenter l'affaire Bommeleeër qui fait actuellement l'objet d'une instruction juridique, Charles Hoffmann a évoqué les activités de contre-espionnage menées durant la Guerre froide, où les ennemis potentiels étaient surveillés de près. Le SREL observait également les groupes terroristes des années 70 et 80.

La structure internationale des alliés Stay Behind n'était pas non plus étrangère à Charles Hoffmann, pour laquelle les agents étaient chargés de créer des noyaux de résistance et des cellules d'information en cas d'invasion soviétique. Ces derniers communiquaient par ailleurs par le biais de messages en code morse, a informé l'ancien directeur.

Il a néanmoins précisé que si un Luxembourgeois était placé sous surveillance, c'était parce qu'on le soupçonnait d'avoir des contacts avec un ennemi potentiel, particulièrement s'il se rendait régulièrement en Union soviétique.

Quant à ses échanges avec les Premiers ministres Jacques Santer et Jean-Claude Juncker, ils se faisaient toujours dans un climat de confiance, a déclaré Hoffmann. Il n'y avait cependant que peu d'échanges, la plupart étant surtout fait avec les Hauts fonctionnaires.

Face à la phobie qui régnait alors contre l'Union Soviétique et le parti communiste, l'ancien directeur a avoué avoir essayé de réorienter le service. Or, certains facteurs, comme le terrorisme islamiste et l'espionnage économique, l'en empêchaient.

Le SREL de l'époque disposait par ailleurs d'informateurs, dont certains parmi les partis politiques. Hoffmann ne citera cependant pas de noms.

À la question s'il savait si lui-même a été mis sur écoute, Hoffmann a répondu ne pas savoir.

Pour rappel, Charles Hoffmann est le 3e et dernier chef du SREL entendus comme témoins dans l'affaire du service de renseignement. Il a dirigé le Service de renseignement de l'État pendant 18 ans, notamment pendant 1985 et 1986, lorsque l'affaire Bommeleer a éclaté.

Polizei versiegelt Archiv im Keller des Geheimdienstes



Bei den Akten besteht der Verdacht, dass sie gegen das Datenschutzgesetz verstoßen.
Foto: AFP

(vb) - Die Enquête-Kommission und die Kriminalpolizei haben das umstrittene Archiv des Geheimdienstes versiegeln lassen. Damit sind die Akten, die bis 2003 über Einzelpersonen und Organisationen angelegt wurden, dem Zugriff des SREL entzogen.

Das bestätigte Kommissionsmitglied François Bausch gegenüber Radio DNR.

Wie viele Akten der Geheimdienst besitzt, ist umstritten. Bei seiner Vernehmung am Dienstag hatte Ex-SREL-Direktor Charles Hoffmann von 10 700 Akten gesprochen. Die Enquête-Kommission geht von 17 000 Akten aus. Die Mitglieder der Kommission hatten die Akten bereits in Augenschein genommen. Sie wurden über viele Politiker und Organisationen, vorwiegend aus dem linken Spektrum, angelegt. Zum Teil habe eine Reise in die damaligen Ostblock-Staaten ausgereicht, dass eine Akte über Luxemburger Bürger angelegt wurde, hieß es in der Sitzung.

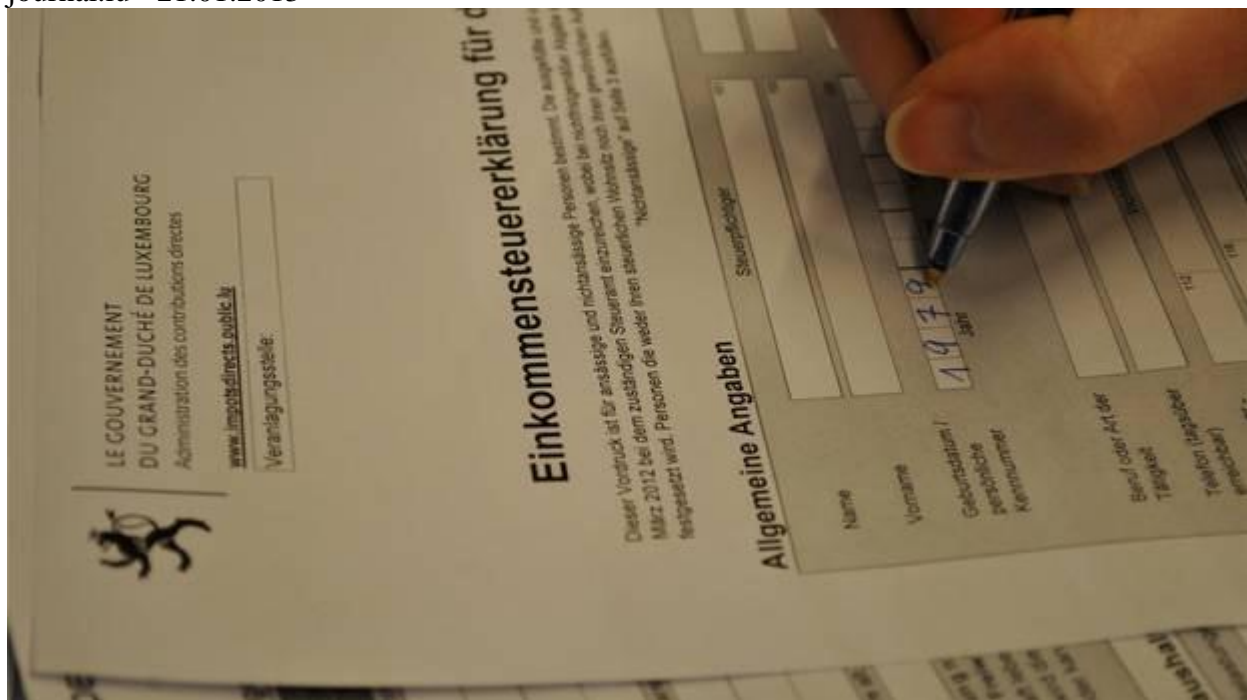
Bei dem Archiv besteht der Verdacht, dass die Informationen gegen das Datenschutzgesetz von 1979 verstoßen könnte.

Am Dienstag hatte Charles Hoffmann die Bedeutung des SREL-Archivs heruntergespielt. Meist seien dort Informationen gesammelt worden, zu denen jeder Zugang hatte. Außerdem seien die Akten in der Praxis wenig benutzt worden.



Lettre ouverte à l'Etat de droit: Illogismes législatifs

journal.lu - 21.01.2013



1 Foto

Le barème de l'impôt et ses incohérences Photo: Ingo Zwank

Est-ce concevable qu'un projet de loi contenant des illogismes, voire des incohérences ou des irréalismes, puisse franchir toutes les étapes d'une procédure législative, sans que quidam ne s'en aperçoive ou n'y trouve à redire? La question se pose entre autre concernant notre «Système de l'Impôt sur le revenu» qui, élaboré par d'éminents juristes et fiscalistes en collaboration avec le gouvernement et ses experts administratifs, validé par le Conseil d'état, approuvé par le parlement, et avisé favorablement par les instances consultatives, alors qu'il est parsemé d'anomalies! Or les textes de loi y relatifs étant tellement compliqués et

énigmatiques que même un Albert Einstein ne saurait les décrypter, on peut effectivement présumer que la loi en résultant est plutôt passée en méconnaissance de cause, dans une confiance aveugle envers ses auteurs. D'ailleurs des honorables politiques contactés à ce sujet ont confirmé qu'il s'agissait là d'une matière extrêmement complexe et inintelligible pour des profanes, relevant de la seule compétence des experts fiscaux.

Cependant, c'est en consultant et analysant le barème de l'impôt sur le revenu afférent que même un profane, sans être doté d'un «IQ» particulier, peut découvrir les incohérences qui jonchent le système. A commencer par contester comme irréaliste la philosophie fiscale qui établit la capacité contributive d'un ménage single (classe d'impôt 1) au double d'un ménage en couple (classe 2), ignorant le fait qu'il y a des frais fixes communs aux deux ménages, et qu'un single ne peut acquérir à moitié des objets ménagers, véhicules ou assurances etc... Et ce alors qu'il existe des formules plus réalistes, telle ladite «Echelle d'Oxford» qui évalue cette relation à 1:1,7, et qu'en matière d'allocation du RMG la norme appliquée est de 1:1,5!?

Mais restons-on à la relation «irréaliste» de 1:2 fixée par la philosophie fiscale entre les classes 2 et 1. Cette relation apparaît également dans les structures des deux classes, l'impôt y démarre par un tarif d'entrée marginal de 8% à partir d'un montant exonéré de resp. 22.626 euros (cl.2) et de 11.313 euros (cl.1), pour atteindre le taux marginal maximal de 39% aux revenus respectifs de 83.586 et 41.793 euros. Mais, curieusement, cette proportion n'est pas répercutée dans le barème servant au prélèvement de l'impôt. En effet les écarts d'impôts (en termes relatifs) y varient continûment au gré des montants imposables, taxant les redevables à revenus modestes et moyens de la classe 1 outre la norme préconisées, alors que dans les hauts revenus l'écart se situe au-dessous de la norme, et va décroissant au fur et à mesure de l'accroissement du revenu.

La classe d'impôt intermédiaire 1A, dont l'impôt, selon le législateur, doit être proche de celui de la classe 1, et qui, tout en présentant les mêmes effets pervers qu'en classe 1, se distingue par un agencement totalement incohérent et divergeant des autres classes. L'impôt y démarre en effet par un tarif d'entrée de 12% à partir d'un montant exonéré de 22.530 euros (égal à celui de la classe 2) pour atteindre le taux maximal de 39% en ordre inversé, c'est-à-dire avant même la classe 1, au revenu de 34.050 euros, ce qui aboutit au fait cocasse et paradoxal que dans la tranche de revenu entre 25.000 et 41.793 euros l'impôt dû est plus élevé en classe 1A qu'en classe 1

Concrètement, en consultant le barème de l'impôt (édition 2011, le nouveau barème n'étant pas encore paru), on constate que par rapport à la classe 2, on paye en classe 1 4,7 fois et en classe 1A 2,15 fois plus d'impôts sur un revenu imposable annuel de par exemple 30.000 euros. Sur un revenu de 50.000 euros la différence est de resp. 2,6 et 2,3 fois plus; alors que pour un revenu de 85.000 euros l'écart se réduit à resp. 1,64 et 1,55 fois plus. Et ce alors que logiquement l'écart (relatif) entre classes devrait être constant, quel que soit le montant imposable, conforme aux principes d'égalité et d'équité prévus par la constitution!!!

On estime à des centaines, voire à plus d'un millier, les contribuables les moins aisés des classes d'impôts 1 et 1A, (parmi lesquels les reclassés pour cause de perte de leur conjoint), ainsi grugés et discriminés honteusement par le fisc, sans que les autorités politiques et administratives responsables ne s'en soucient, ou en envisagent un redressement. On se demande effectivement où sont passé leur sagesse et leur conscience?!

Rappelons, pour être complet, que les instances de recours saisies de l'affaire se sont toutes déclarées incompétentes à en juger, que le Tribunal administratif, ayant désigné le pouvoir législatif comme étant seul habilité à y statuer, celui-ci, par la voix de sa Commission des pétitions, s'est par contre hypocritement dessaisi de cette tâche épineuse, imité en cela par la Cour des Droits de l'Homme ayant siégé en formation de juge unique. Et la Cour constitutionnelle se révélant être une farce, puisque insaisissable par les redevables discriminés!

Quant aux forces vives de la nation, il paraît qu'elles ne se sont guère cassé les méninges pour se rendre compte des iniquités que comporte notre système d'impôt, préférant se taire plutôt que d'entrer en action et de revendiquer justice fiscale pour tous, comme il leur eût incombé. Surtout la Chambre des salariés, qui perçoit les cotisations obligatoires de la plupart des redevables lésés, devrait moralement se sentir dans l'obligation d'agir!

Question: Où est donc ce tant louangé «Etat de Droit»??? Bert Rota, Belvaux

Régional & International

Die Vorsitzende Richterin machte unmissverständlich klar, dass sie die Vorwürfe für nicht ausreichend belegt halte. Das definitive Urteil soll im Februar fallen.

SPIEGEL ONLINE

Bestechungsvorwürfe: Whistleblower verklagt Siemens wegen Korruption

Von Samuel Rubenfeld, Wall Street Journal Deutschland

Siemens wird erneut von Korruptionsvorwürfen eingeholt: Ein früherer Compliance-Beauftragter beschuldigt den Konzern der Bestechung bei Geschäften in China. Als der Manager seine Vorgesetzten darauf hingewiesen habe, sei er entlassen worden.



dapd

Siemens-Zentrale in München: Systematisch das Anti-Korruptionsprogramm umgangen

New York - Mehr als vier Jahre nach dem Korruptionsskandal, der [Siemens](#) nachhaltig erschüttert hatte, sieht sich der Industriekonzern wieder mit Bestechungsvorwürfen konfrontiert. Ein früherer Mitarbeiter von Siemens, der für die Einhaltung von Anti-Korruptionsregeln zuständig war, hat den Konzern vor einem New Yorker Gericht verklagt. Der Taiwaner Meng-Lin Liu beschuldigt Siemens, ihn im November 2010 deshalb entlassen zu haben, weil er seine Vorgesetzten über Korruptionsfälle in einer chinesischen Niederlassung informiert habe.

Liu war Compliance-Manager bei einer Siemens-Healthcare-Tochter in China. In seiner Funktion hatte er darauf zu achten, dass beim Verkauf von medizinischen Geräten an öffentliche Einrichtungen alles mit rechten Dingen zuging. Bei Siemens sei er auf eine Kultur des "Ausweichens, Umgehens und Missachtens" von Anti-Korruptionsregeln gestoßen.



Dieser Artikel ist im [Wall Street Journal Deutschland](#) erschienen. Nur eine Woche nachdem er Siemens seine Beweise vorgelegt hatte, sei er von seiner Position entfernt worden, so Liu. Ihm sei gesagt worden, dass er nicht mehr zur Arbeit zu erscheinen habe und dass sein Vertrag nicht verlängert werde. Vier Monate später sei er gefeuert worden, wie aus der Mitteilung an das Gericht hervorgeht.

Weiter steht darin, dass Liu seine Erkenntnisse bei der US-Börsenaufsicht hinterlegt hat. Darin würden die Verstöße, die er gefunden und dem Management gemeldet habe, detailliert aufgelistet. Beigefügt sei auch eine Kopie seiner Mitteilungen an Spitzenmanager von Siemens, bis hin zum Vorstandsvorsitzenden. Siemens wollte sich nicht zu den Vorwürfen äußern.

Konkret geht es um den Verkauf von medizinischen Geräten für bildgebende Verfahren an öffentliche Krankenhäuser in China für mehrere Millionen Dollar. Siemens soll in den Angeboten an die Einrichtungen den Preis für die Geräte absichtlich deutlich zu hoch angesetzt haben. Verkauft wurde das Equipment dann aber für wesentlich weniger Geld an Zwischenhändler, die die Einkäufer der Krankenhäuser benannt hatten.

"Dieser Fall weist alle Merkmale eines klassischen Bestechungssystems auf", sagt Lius Anwalt David Mair. Es gebe keine legitime Erklärung für die großen Unterschiede zwischen den Preisen, zu denen Siemens das Equipment an Zwischenhändler verkauft habe, und den wesentlich höheren Preisen, die die öffentlichen Krankenhäuser gezahlt hätten.

ANZEIGE

Siemens hatte vor einigen Jahren mit einem enormen Korruptionsskandal zu kämpfen, der 2008 in Strafzahlungen von 1,6 Milliarden US-Dollar an amerikanische und deutsche Behörden endete. Siemens war in zahlreichen Ländern über Bestechung an lukrative Geschäfte gelangt.

Seinerzeit wurde Siemens dazu verpflichtet, ein umfassendes Anti-Korruptionsprogramm zu implementieren. Außerdem wurde für vier Jahre ein Überwachungsprogramm etabliert, über das sowohl der Konzern als auch das US-Justizministerium zu den Fortschritten bei der Einführung der Compliance-Bemühungen unterrichtet werden sollten.

Liu fährt in seiner Klage nun schwere Geschütze auf. Er sagt, Manager des Unternehmens hätten die Kontrollen absichtlich umgangen. Siemens soll sogar gewisse Anti-Korruptions-Verfahren manipuliert haben, um hochwertiges Diagnostik-Equipment an ein Krankenhaus in [Nordkorea](#) zu liefern

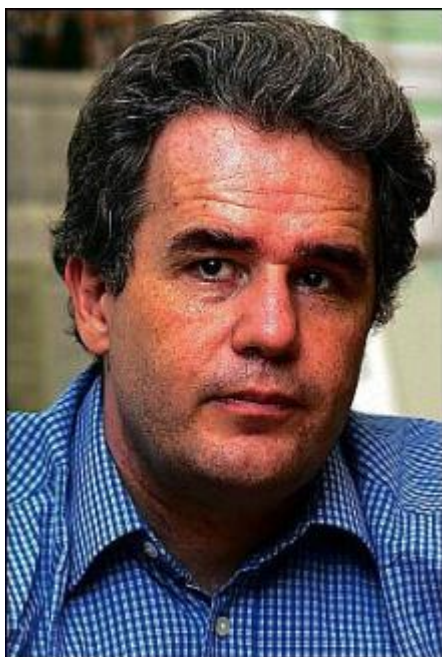
LEITARTIKEL

16. Januar 2013 06:14

Zwei Interventionen

von Francis Wagner - Pakistan kommt nicht zur Ruhe: Gestern ordnete der Oberste Gerichtshof die Verhaftung des Regierungschefs Raja Ashraf wegen Korruptionsverdachts an.

[Gericht will Premier verhaften lassen](#)



Francis Wagner fwagner@tageblatt.lu Bildstrecken

Frankreichs militärische Intervention in Mali

Die Käuflichkeit von Politikern beschränkt sich ja nun nicht auf dieses Land: Am Montag wurde der ehemalige österreichische Innenminister Ernst Strasser zu vier Jahren Haft verurteilt, weil er zwei als Lobbyisten getarnten Journalisten angeboten hatte, seinen Einfluss als Europaparlamentarier gegen bare Münze geltend zu machen.

Was in Europa nun aber doch die Ausnahme ist, stellt in Pakistan eher schon den Regelfall dar. Staatspräsident Asif Ali Zardari saß schon einmal wegen Korruption hinter Gittern. Einen großen Teil seines auf 1,8 Milliarden Dollar geschätzten Vermögens erwarb er während der Zeit, als seine 2007 ermordete Gattin Benazir Bhutto Regierungschefin war. Benazir Bhutto selbst war wegen Korruption von einem Schweizer Gericht verurteilt worden ... usw., usf.

Gleichzeitig versinkt das Land in einem Strudel religiös, ethnisch, politisch und mafiös motivierter Gewalt. Was vor allem beunruhigend für den Rest der Welt ist: Pakistan verfügt über die Atombombe, und mehrere radikalislamistische Akteure dieses Bombenprogramms haben dazu beigetragen, die Technologie für diese Höllenmaschinen zu exportieren.

Den Gemäßigten beistehen

Ein destabilisiertes Pakistan, ein Land mit 178 Millionen Einwohnern – was immerhin ein Drittel der gesamten EU-Bevölkerung ausmacht –, kann sehr schnell zu einer Gefahr nicht nur für die unmittelbare Region werden.

Dies umso mehr, als in Pakistan keine Truppen aus dem Westen eingreifen werden, um einer allfälligen Machtergreifung radikaler Islamisten einen Riegel vorzuschieben.

In Mali beabsichtigt Frankreich mit seiner Intervention, die Entstehung eines nordafrikanischen Äquivalents zu Afghanistan oder den pakistanischen Tribal Areas zu vereiteln. Genau wie in Afghanistan haben sich hier die Fous de Dieu als Barbaren betätigt: was von der Todesstrafe für angeblichen Ehebruch bis zur mutwilligen Zerstörung wertvoller Kulturschätze reicht.

Eine große Mehrheit der Malier begrüßen die Aktion der Franzosen und der ihnen beistehenden afrikanischen Staaten. Doch waren auch in Afghanistan die westlichen Soldaten zunächst von einer Mehrheit der Bevölkerung als Befreier begrüßt worden.

Als sich dann aber herausstellte, dass das neue Regime sich vor allem durch Korruption und Inkompetenz auszeichnete, schwand dieses Sympathiekapital wie Schnee in der Sonne.

In Mali ist die Situation aber insofern anders, als der radikale Islam – im Gegensatz zu Afghanistan – hier keine traditionellen Wurzeln hat. Die Bevölkerung Malis – eines Ziellandes der Luxemburger Kooperation – zeichnete sich vielmehr durch Toleranz und Zurückhaltung aus.

Wenn es den Franzosen und ihren Verbündeten gelingen sollte, diesem Mainstream des malischen Islam wieder Geltung zu verschaffen und das Land wieder zu einen, hätte sich die Intervention auf jeden Fall gelohnt.



| 23.01.2013 - 11:11 Uhr

Ex-Bürgermeister von New Orleans wegen Korruption angeklagt

Washington (dpa) - Ray Nagin, der als Bürgermeister von New Orleans während des Hurrikans «Katrina» 2005 Berühmtheit erlangt hatte, ist wegen Korruption im Amt angeklagt worden

19.01.2013 - 02:46 Uhr

Washington (dpa) - Ray Nagin, der als Bürgermeister von New Orleans während des Hurrikans «Katrina» 2005 Berühmtheit erlangt hatte, ist wegen Korruption im Amt angeklagt worden. Nach Angaben der «Times Picayune» wird dem einst enorm populären und dann 2010 ausgeschiedenen Nagin unter anderem vorgeworfen, von städtischen Vertragspartnern Bestechungsgelder in Höhe von insgesamt mehr als 150 000 Dollar angenommen zu haben. Im Gegenzug habe er die Geschäftsleute etwa bei der Vergabe von Bauaufträgen begünstigt.

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Medvedev Courts Davos Skeptics With Better-Than-China Pitch.

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Medvedev Courts Davos Skeptics With Better-Than-China Pitch

By Henry Meyer, Scott Rose & Ryan Chilcote - Jan 22, 2013 1:50 PM GMT+0100



Dmitry Astakhov/AFP via Getty Images

Russia plans to raise a record \$10 billion from asset sales this year as it seeks to stem capital flight and reverse the state's creeping hold over the economy, Shuvalov sa

Dmitry Astakhov/AFP via Getty Images

Russia plans to raise a record \$10 billion from asset sales this year as it seeks to stem capital flight and reverse the state's creeping hold over the economy, Shuvalov said.

Russia has a \$10 billion sales pitch for investors at this year's World Economic Forum: give us your money and we'll worry about corruption for you.

Jan. 21 (Bloomberg) -- Russian First Deputy Prime Minister Igor Shuvalov talks about Russia's loans to Cyprus, central bank monetary policy and the possible sale of part of the state's stake in OAO Rosneft. He spoke Jan. 18 with Bloomberg Television's Ryan Chilcote during a train ride to Moscow from Kaluga. (Source: Bloomberg)

Enlarge image

Prime Minister Dmitry Medvedev

Tomohiro Ohsumi/Bloomberg

Prime Minister Dmitry Medvedev used his Davos speech in 2011 to highlight the "new opportunities" for foreigners "for doing business with success" in Russia.

Prime Minister Dmitry Medvedev used his Davos speech in 2011 to highlight the "new opportunities" for foreigners "for doing business with success" in Russia. Photographer: Tomohiro Ohsumi/Bloomberg

That was the line from First Deputy Prime Minister Igor Shuvalov in an interview with Bloomberg Television last week and that's what Prime Minister Dmitry Medvedev will try to convince skeptical investors of tomorrow with his keynote address at the conference in Davos, Switzerland, the third by a Russian leader in five years.

Russia plans to raise a record \$10 billion from asset sales this year as it seeks to stem capital flight and reverse the state's creeping hold over the economy, Shuvalov said. The government failed to reach a similar goal last year, when it retained its ranking as the most corrupt country in the Group of 20, an organization it leads this year.

"Russia, regardless of what people are saying, is a place that people can invest, can earn," Shuvalov said on a Jan. 18 train ride to Moscow from Kaluga, a region that has attracted investment from companies including Volkswagen AG (VOW) and AstraZeneca Plc. (AZN) "If you talk with investors, they say they invest maybe less than in China, but lose less than in China. They say people don't know Russia."

Putin Critique

Medvedev used his Davos speech in 2011 to highlight the "new opportunities" for foreigners "for doing business with success" in Russia. The message was more upbeat than the one then-premier Vladimir Putin delivered in 2009, in which he said the global crisis had shown the dangers of rampant greed in the U.S.-dominated global financial system.

Russia's presence in Davos will be the biggest ever this year because the country holds the rotating presidency of the G-20, Deputy Prime Minister Arkady Dvorkovich told reporters in Moscow today.

Though improving the investment environment, strengthening the rule of law and expanding the role of private business were centerpieces of Medvedev's agenda then and now, the government still isn't doing enough to attract the amount of foreign capital it says it needs to meet growth targets, said Christopher Granville, managing director of Trusted Sources, a London-based emerging-markets research group.

Russian 'Parasitism'

"For a country that desperately needs higher investment rates, the overall investment climate is far too weak and the real cause of this is there is too much parasitism tolerated," said Granville, a former Deutsche Bank AG strategist in Moscow, by phone from London. "There is naked corruption in state procurement and straightforward extortion from businesses."

Shuvalov said that while corruption continues to be a problem, it's less of an issue for foreign investors who have already committed to Russia.

"People are complaining about the investment climate, but when we speak now with existing investors, they are not complaining anymore," Shuvalov said. "For those who are not investing yet -- for them it is an issue of investment image, not climate."

Those perceptions are partly why Russian stocks are the cheapest of 21 emerging markets tracked by Bloomberg. The Micex Index trades at 5.6 times estimated earnings, about half the ratio for the MSCI Emerging Markets Index. The Russian benchmark has gained 3.4 percent this year, beating MSCI's EM Index's 2.2 percent advance. Russia's ruble-denominated equity gauge retreated 0.8 percent to 1,524.68 by 4:44 p.m. in Moscow.

Weak Valuations

Corruption, weak corporate governance, oil and gas dependency and a dearth of long-term domestic investors all drag down valuations, said Roland Nash, chief investment strategist at Moscow-based Verno Capital, which manages about \$200 million in Russian equities.

Russia, the world's largest energy exporter, is becoming increasingly dependent on commodities, failing to prepare for falling oil output in 20 years, according to the European Bank for Reconstruction and Development.

Oil and natural gas account for about two-thirds of exports and about half of budget revenue. The economy's dependence on energy is greater than in the mid-1990s, when it represented less than half of exports, the London-based EBRD said in a report last month.

Russia's position as a "petro-state" encourages authoritarian rule and rentier behavior and limits the need for equity markets because "money comes in regardless of how investors are treated," Citigroup Inc. (C)'s Russian unit said in a report in September.

Putin's Rule

Putin, who's been either prime minister or president for more than 13 years, ordered the government last year to improve Russia's standing in the World Bank's Doing Business rating to 20th by 2018. The country climbed eight positions to 112 in the latest study, issued in October. That was better than BRIC peers India and Brazil, though Russia is still the worst among major economies in terms of corruption, Transparency International said in its annual Corruption Perceptions Index last month.

The death in custody in 2009 of lawyer Sergei Magnitsky, who accused officials of stealing \$230 million of budget money, and the lack of a single conviction in the case is a symbol of the government's failure to tackle corruption, said Granville. The U.S. in December imposed a visa ban and asset freeze on Russian officials implicated in Magnitsky's death. Russia in retaliation banned the adoption of Russian children in the U.S.

'Black Mark'

"The Magnitsky case is a very emotional black mark against the Russian investment environment," Verno's Nash said by phone. "It harms sentiment."

While Medvedev promised as president to combat corruption and improve corporate governance through privatization, state control over the economy has only increased, according to BNP Paribas SA (BNP)'s Moscow unit. State-owned companies now account for about half of Russia's economic output, up from 42 percent in 2008 and 38 percent in 2006, the lender said in October.

This doesn't take into account the \$55 billion acquisition by state-run OAO Rosneft (ROSN), the country's biggest oil producer, of TNK-BP, BP Plc (BP/)'s venture with a group of billionaires, which is scheduled to be completed in the first half of this year. Once that deal is over, London-based BP agreed to buy 5.7 percent of Rosneft for \$4.8 billion in cash, almost half of this year's privatization target.

Without sufficient capital from abroad, the government won't be able to complete its modernization effort to reduce commodity dependency, a plan that requires continuous 5 percent growth, Shuvalov said.

Economy, FDI

Foreign direct investment fell 40 percent in the first half of 2012 from the same period last year and was 63 percent lower than in 2008, when the country attracted a full-year record \$75.2 billion, central bank data show. The pace of economic growth slowed to 2.9 percent in the third quarter, the weakest expansion since a contraction ended in 2010.

Russia will be looking for investors in infrastructure, particularly in Moscow and other cities scheduled to host matches during the 2018 World Cup, Dvorkovich told reporters. Other key priorities include power generation and agriculture, particularly meat production, he said.

Even so, Russia is expanding faster than in developed countries and is on a trajectory to overtake Germany as Europe's largest economy by 2020, PricewaterhouseCoopers LLP said in a report on Jan. 16. That expansion may start to reverse in a decade, though, without a new economic model, John Hawksworth, PWC's chief economist, said by phone.

“For any economy, having a strong rule of law and strong property rights is an important confidence factor in encouraging investments,” Hawksworth said.

To contact the reporters on this story: Henry Meyer in Moscow at hmeyer4@bloomberg.net; Scott Rose in Moscow at rrose10@bloomberg.net; Ryan Chilcote in London at rchilcote@bloomberg.net

To contact the editor responsible for this story: Balazs Penz at bpenz@bloomberg.net

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Mohawked Prince Channels Sex Pistols in Czech Elections

By Peter Laca - Jan 22, 2013 2:26 PM GMT+0100

Karel Schwarzenberg, a bow-tied 75-year-old prince whose estate includes castles and forests, is channeling the Sex Pistols in a bid to be Czech president.

Schwarzenberg has emerged as the surprise challenger to ex-Premier Milos Zeman in the nation's first direct election for president. Campaign images created by artist David Cerny, portraying the prince in a mohawk hairstyle fashioned after the U.K. punk band and screaming "Karel is Not Dead," are appealing to voters generations younger than the candidate.

Mohawked Prince Channels Sex Pistols to Tilt Czechs Back to EU



Tomas Krist/MAFRA/isifa/Getty Images

Presidential candidates Karel Schwarzenberg, current foreign minister, right, and Milos Zeman, former prime minister, attend a television debate ahead of the second round of the presidential elections in Prague, Czech Republic on Jan. 18, 2013.

Presidential candidates Karel Schwarzenberg, current foreign minister, right, and Milos Zeman, former prime minister, attend a television debate ahead of the second round of the presidential elections in Prague, Czech Republic on Jan. 18, 2013. Photographer: Tomas Krist/MAFRA/isifa/Getty Images

“He represents the better, modern side of our nation,” student Klara Dvorakova said late Jan. 14 after Schwarzenberg left Mlejn, a smoky pub in a historic mill near Prague Castle where he often grabs a beer alongside young supporters in T-shirts sporting his mohawked image. “He’s noble, elegant.”

His advance to a Jan. 25-26 run-off vote highlights a rift in the former Soviet satellite. A recession and corruption are fueling support for the political heirs of late President Vaclav Havel’s Communist-era jailers, who have endorsed Zeman. Schwarzenberg, a former Havel aide, wants to bolster U.S. and European Union ties after a decade under President Vaclav Klaus, a euro skeptic seen by critics as too warm with Russia.

Havel’s Legacy

Schwarzenberg represents a “continuation of Havel’s legacy, which contains much deeper values than just the battle between left and right,” Jiri Pehe, a former Havel adviser, said by phone. “This includes representing the Czech Republic abroad with dignity, attention to human rights, and much less desire, compared with Klaus, for dividing Czech society.”

Besides holding the sole right to name central-bank board members, the president picks the leader to form a Cabinet after elections. That’s often a key role in a country where balloting frequently fails to produce a majority. The president also has a bully pulpit to influence policy.

The Czechs this year are due to award their biggest public tender ever, a \$10 billion contract to build reactors at the Temelin nuclear plant. U.S.-based Westinghouse Electric Corp. and a consortium led by Russia’s Rosatom Corp. are vying for the deal.

Schwarzenberg, who is currently the foreign minister, discussed the issue last month in Prague with Secretary of State Hillary Clinton, who said the Czechs should diversify their energy sources away from Russia and that Westinghouse offers the best safety guarantees. Zeman has said the Russian-led bid doesn’t threaten Czech security and Klaus welcomed the proposal as it offered work to Czech suppliers.

Pussy Riot

Schwarzenberg, who hasn’t tipped his hand on the issue, is a keen promoter of closer ties with the U.S. and human rights. He supported members of Russian punk band Pussy Riot last summer when they were convicted for a stunt against President Vladimir Putin and said Premier Petr Necas’s view that backing the group may hurt Czech exports to Russia was “shocking.”

His foreign outlook has shaped his fondness for Mlejn, whose owners organized a campaign to support a Bush administration plan to install part of a missile-defense network in the Czech Republic.

In 2008, Schwarzenberg took Condoleezza Rice, then U.S. secretary of state, to Mlejn to meet the system’s supporters. President Barack Obama scrapped the plan a year later as part of his “reset” of relations with Russia.

Mohawk Images

Mlejn’s walls are full of photos of Schwarzenberg, including one with the late U.S. rock star Frank Zappa, a favorite of Czech anti-communist dissidents like Havel.

Cerny, the artist behind the mohawk images, was there on Jan. 18 a few steps from Tomas Sedlacek, chief economist at CSOB AS in Prague. Cerny won notoriety when his sculpture “Entropa,” parodying stereotypes of the EU’s 27 nations, was installed at the European Commission in 2009.

“This place is full of artists, writers, creative people, all Schwarzenberg supporters,” Sedlacek said. “I’m probably the only economist here.”

In an effort to reach out to the generation born after the fall of communism two decades ago, Schwarzenberg is mobilizing voters with updates on his pages on Facebook Inc.’s social-media website and Twitter Inc.’s network. A recent post said about 700 bars and restaurants joined the campaign “Pubs Vote for Karel.”

Candidate Slammed

With the country mired in its second recession since 2009, austerity policies have been a focus of the race. Zeman, 68, a former Social Democrat leader who forged a grand coalition in 1998 with Klaus's center-right party, has slammed Schwarzenberg for backing tax increases and cutting spending on public wages.

The government credits austerity policies with helping cut borrowing costs to record lows. The yield on the 5-year state bond fell 172 basis points, or 1.72 percentage points, last year, the biggest decline in a decade. The rate was 0.84 percent today, according to generic data compiled by Bloomberg.

Klaus, who often clashed with Havel, has said that his successor should be a person who spent his life in the country, a swipe at Schwarzenberg whose aristocratic family was forced to leave to Austria when communists took over in 1948.

Klaus's second and final five-year term ends in March. As Europe's debt crisis raged last year, he refused to back the creation of a permanent bailout fund. If elected, Schwarzenberg has indicated he will support it.

Rarely seen without his trusty pipe, Schwarzenberg refuses to discuss his family's assets, which include Vienna's Schwarzenberg Palace and Orlik Castle in southern Bohemia. His estate earned income of about 13 million koruna (\$676,000) in 2011, according to a parliamentary filing. As president, he would make about 2.2 million koruna annually.

Too Close

After Schwarzenberg defied the polls to finish a surprise second in the first round, the race appears too close to call. Oddsmakers at the largest Czech betting companies see him as the slight favorite. Still, he was trailing Zeman, 46 percent to 54 percent, in a poll of 1,061 Czechs published on Jan. 18 by Ppm Factum Research company, which gave no margin of error.

Even if he does win, the prince won't stop going to his favorite pubs, said Jakub Niemiec, manager of Malostranska Beseda, a restaurant near parliament that Schwarzenberg often frequents. "I have no doubt he'll keep coming, even if he's elected."

To contact the reporter on this story: Peter Laca in Prague at placa@bloomberg.net

To contact the editor responsible for this story: Balazs Penz at bpenz@bloomberg.net

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Rajoy Orders Audit of PP Finances to Stem Corruption Scandal

By Ben Sills - Jan 21, 2013 5:17 PM GMT+0100

Spanish Prime Minister Mariano Rajoy ordered an internal and external audit of the ruling People's Party's finances as he tries to stem the fallout from allegations of kickbacks being paid to top officials.

The probe will go back to the founding of the People's Party in 1989 and the results of the investigation will be made public, Maria Dolores de Cospedal, the party's deputy leader, said at a press conference in Madrid today.

"We're going to look at everything, everything," Cospedal said today. "We have already started and this will happen quickly."

Rajoy's party has been rocked by a series of reports in the past week that risk undermining the government's credibility as it enacts the harshest austerity program in history. Newspaper El Mundo has published stories alleging that the party's former treasurer, Luis Barcenas, was making cash payments to senior party officials.

The extra yield investors demand to hold Spanish 10-year debt instead of similarly dated German bonds rose 4 basis points to 356 at 5 p.m. in Madrid. The Ibex-35 index gained 0.5 percent.

"Calm in the Spanish stock market and the risk premium after the weekend corruption scandals," Jose Carlos Diez, chief economist at Madrid-based brokerage Intermoney SA, posted on Twitter today. "If this isn't cleared up it will have an impact in the end."

Cash Payments

Rajoy ordered Barcenas to stop monthly cash payments of as much as 15,000 euros (\$19,980) using illegal contributions from construction firms in 2009, El Mundo newspaper reported Jan. 18. Rajoy never received illegal payments, it said, citing five people from successive leadership teams without naming them.

Former PP lawmaker Jorge Trias Saigner was quoted in an article in El Pais newspaper today as saying he knew of party officials receiving envelopes containing up to 10,000 euros in cash. He said most lawmakers and activists didn't receive payments.

“I give him the credit of someone who says they know something because they’ve been told it,” Cospedal said today. “He hasn’t proved anything.”

Prosecutors have discovered that Barcenas had moved more than 20 million euros through Swiss bank accounts. His lawyer Alfonso Trallero said in a television interview last week that the funds were his from investments in Latin America and the money wasn’t used to finance bonus payments to PP officials.

The PP has no responsibility for the offshore bank accounts of individuals, Cospedal said today.

Protests

The revelations have prompted protests outside the PP’s headquarters in Madrid and come at a time when the party’s popularity was already slumping. Support for the PP dropped to 30 percent from 46 percent a year earlier in a Metroscopia poll published in El Pais on Jan. 13.

Budget Minister Cristobal Montoro was dragged into the row after Europa Press reported Barcenas took advantage of the government’s tax amnesty to repatriate 10 million euros last year. The Budget Ministry published two statements last week rejecting the claim. Montoro will testify in Parliament about Barcenas and the tax amnesty, Cospedal said.

To contact the reporters on this story: Ben Sills in Madrid at bsills@bloomberg.net

To contact the editor responsible for this story: James Hertling at jhertling@bloomberg.net

Bloomberg Homepage

Billionaire Berggruen Takes Risks, Roams World: Interview

By Manuela Hoelterhoff - Jan 22, 2013 1:00 AM GMT+0100

Nicolas Berggruen, 51, is polite, thoughtful, cultivated and fashionable -- from his un-linked French cuffs and slightly messy collar to his quiet loafers.

He is also a billionaire with an exotic portofolio.



Philip Lewis/Bloomberg

Nicolas Berggruen, writer of "Intelligent Governance for the 21st Century: A Middle Way Between West and East" with co-author Nathan Gardels.

Nicolas Berggruen, writer of "Intelligent Governance for the 21st Century: A Middle Way Between West and East" with co-author Nathan Gardels. Photographer: Philip Lewis/Bloomberg

Nicolas Berggruen

Philip Lewis/Bloomberg

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Nicolas Berggruen, writer of "Intelligent Governance for the 21st Century: A Middle Way Between West and East" with co-author Nathan Gardels. Photographer: Philip Lewis/Bloomberg

Nicolas Berggruen

Philip Lewis/Bloomberg

Nicolas Berggruen and Muse members of the Muse team at Bloomberg world headquarters in New York. With co-author Nathan Gardels, Berggruen, 51, wrote "Intelligent Governance for the 21st Century: A Middle Way Between West and East."

Nicolas Berggruen and Muse members of the Muse team at Bloomberg world headquarters in New York. With co-author Nathan Gardels, Berggruen, 51, wrote "Intelligent Governance for the 21st Century: A Middle Way Between West and East." Photographer: Philip Lewis/Bloomberg

Nicolas Berggruen

Philip Lewis/Bloomberg

Nicolas Berggruen and Muse at Bloomberg world headquarters in New York. With co-author Nathan Gardels, Berggruen, 51, wrote "Intelligent Governance for the 21st Century: A Middle Way Between West and East."

Nicolas Berggruen and Muse at Bloomberg world headquarters in New York. With co-author Nathan Gardels, Berggruen, 51, wrote "Intelligent Governance for the 21st Century: A Middle Way Between West and East." Photographer: Philip Lewis/Bloomberg

There's a commodity exchange in Kigali, Rwanda, and Richard Meier-designed housing for teachers in Newark, New Jersey. Berggruen himself lives in hotels and has no fixed address.

Quite the party animal in his younger years, the investor and philanthropist who studied philosophy in Paris, now spends a lot of time pondering the ways societies might best govern themselves.

Over a chocolate souffle -- Berggruen likes dessert -- he sat down with Bloomberg editors to talk about his ideas and the book he wrote with Nathan Gardels, "Intelligent Governance for the 21st Century: A Middle Way Between West and East."

Hoelterhoff: Why governance?

Berggruen: The biggest determinant in our lives is culture, where we are born, what the environment looks like. But the second biggest determinant is probably governance, good governance or a certain kind of governance makes a huge difference in our lives.

Hoelterhoff: Singapore gets high marks in your book.

Berggruen: Singapore has been incredibly well managed. It was created out of the swamp, with a strong emotional idea: a safe place for mostly Chinese, but accepting other cultures and other races.

Newark Investment

Hoelterhoff: Just for contrast, let's talk about a truly dysfunctional place, Newark, New Jersey. With most recent mayors jailed or indicted, it does not seem to illustrate good governance. Yet you have invested in a development called Teachers Village right downtown.

Berggruen: Newark used to be a thriving city of around 400,000 people, now down to around 250,000. It's got infrastructure and is so close to Manhattan. If you look at downtown Newark -- pretty bad, so bad that you almost can't think, well, we can build something new there. But potentially it should have a future. If we can be one of the early sparks to help it come back, let's try.

We are constructing eight buildings from the ground up, teacher housing, student housing, three schools, one daycare, some retail. The idea is streets, real streets to create life. We were able to enlist a great architect, Richard Meier, who normally wouldn't do this kind of thing, but because of relationships and because of the fact that he is actually from Newark, he agreed to do it.

Six Stories

Hoelterhoff: Architecture really is the key to creating community, getting away from Le Corbusier high rises. I read that apartment buildings don't function if they are higher than six stories because parents can't look down and call their kids.

Berggruen: Everything is going to be four to six stories.

Hoelterhoff: A member of your think tank is focused on Africa. What are you doing there?

Berggruen: Africa used to be much more productive, with most countries as agricultural producers. So if we can help agriculture, we will help the most, as opposed to investing directly in farms, which is pretty inefficient.

Most countries in Africa have the capacity to be great agricultural producers, but they do only subsistence production. So a family will produce for themselves and nothing more. Why? Because of the systems: The markets are not there to go beyond. So we thought: How can we help? We have decided that we will try to establish commodity exchanges.

Rwanda Exchange

Commodity exchanges have a lot of advantages. One, you are helping transparency. Two, they are not political. It's institutional building. It can survive any environment in theory.

We are starting our first one in Rwanda.

Hoelterhoff: The place functions? How's garbage collection compared to say, Lagos, a nightmare?

Berggruen: They have more than garbage collection: They have a monthly cleanup day where everybody goes into the street, including the president and the ministers. The place actually

functions, crime is incredibly low. Though, yes, it's had the most troubled past. So the turnaround from genocide to reasonably peaceful today is remarkable.

Hoelterhoff: What would be traded in Rwanda? Is it grain?

Berggruen: A lot of coffee.

Hoelterhoff: Then there's India.

Indian Infrastructure

Berggruen: We have started five businesses in India that are all infrastructure-related: education, vocational schools, equipment rental for construction, car rental, and budget hotels. These are infrastructure-related things that will participate in the growth of the economy.

India is an incredibly difficult place to get anything done: big corruption. Our record is mixed. Car rental, we are No. 2 in the country, up from nothing. With educational schools we are struggling.

Hoelterhoff: How do you pay attention to all this? Is that why you travel all the time?

Berggruen: Well, in truth, I think we do too much. But I wake up in the morning and then I go to bed every day, no exceptions. In between I think about things.

To order "Intelligent Governance for the 21st Century," [click here](#).

(Manuela Hoelterhoff is executive editor of Muse, Bloomberg's arts and culture section. Any opinions are her own. This interview was adapted from a longer conversation.)

Muse highlights include Greg Evans on film, John Mariani on wine

To contact the writer of this review: Manuela Hoelterhoff in New York at mhoelterhoff@bloomberg.net.

To contact the editor responsible for this story: Jeffrey Burke at Jburke21@bloomberg.net.

Bloomberg Homepage

Acid Attack on Bolshoi Boss Adds to Porn, Pimping Claims

By Shaun Walker - Jan 21, 2013 1:00 AM GMT+0100

The backstage battles at Moscow's fabled Bolshoi ballet have included leaked, hacked emails, pornographic photographs (also leaked), controversial firings and hirings.

But with the acid attack on artistic director [Sergei Filin](#) on Jan. 17, the company reaches a violent low, comparable to the bloody fictions of "Black Swan."



[Enlarge image](#)

Yuri Kadobnov/AFP/Getty Images

Bolshoi Theater director Sergei Filini speaks with media in Moscow on April 7, 2011.

Bolshoi Theater director Sergei Filini speaks with media in Moscow on April 7, 2011.

Photographer: Yuri Kadobnov/AFP/Getty Images



Damir Yusupov/Bolshoi Theater via Bloomberg

The interior of the Bolshoi Theater in Moscow, which re-opened in 2011 after a \$680 million, six-year renovation.

The interior of the Bolshoi Theater in Moscow, which re-opened in 2011 after a \$680 million, six-year renovation. Photographer: Damir Yusupov/Bolshoi Theater via Bloomberg

Assaulted close to his home in central Moscow by a masked assailant who threw a jar of acid at him, Filin, 42, will have a second operation on his eyes as soon as today or in the next few days. He has third-degree burns to much of his face.

The attack brought [Russia](#)'s culture minister, Vladimir Medinsky, to his bedside. While Russian President Vladimir Putin hasn't commented, police said they are still hunting for the perpetrators and spoke to Filin. They have established that the assailant used sulfuric acid.

Filin himself, and most of his colleagues, believe that the attack was motivated by disgruntlement over his work.

"We are all in complete shock," said the [Bolshoi](#)'s spokeswoman, Katerina Novikova. "It cannot be comprehended that someone would do this. This is not a business. This is a theater."

The Bolshoi, however, is no ordinary theater. The privilege of dancing on Russia's most prestigious stage has always come with an accompanying burden.

In the Soviet era, there was the overseeing eye of the Communist Party and the threat that artists deemed politically unreliable would be left out of sought-after foreign tours.

Party Escorts

In the 1990s, according to Anastasia Volochkova, who was fired in 2003 for being overweight, dancers were pimped out as escorts at oligarchic parties. (The theater has always denied such practices.)

Even the renovations that restored the theater to its Tsarist-era glory were beset by delays and allegations of corruption. The work took six years and cost \$680 million.

When the doors [finally opened in 2011](#), principal dancer [Nikolai Tsiskaridze](#) complained that Bolshoi looked like a “Turkish hotel,” and moaned of windowless dressing rooms and an uneven stage floor.

“When I heard about what happened to Sergei I was shocked,” Volochkova said in an interview. “Over more than ten years, the current Bolshoi leadership has slowly ruined the theater. Each year it has got crueler and crueler.”

Many in the current troupe deny that the situation is as bad as the theater’s foes suggest.

Poisonous Atmosphere

“Like in any big family there are arguments and misunderstandings,” said [Anastasia Meskova](#), a soloist at the Bolshoi who has worked with Filin for years. “We should always work these out inside the theater. That it has come to something like this is unthinkable.”

The poisonous atmosphere has taken its toll on the artistic side. Rising superstar dancing pair Ivan Vasiliev and Natalia Osipova left in late 2011 for the [Mikhailovsky](#), an upstart theater in St. Petersburg that received funds from fruit magnate Vladimir Kekhman.

Earlier that year, the Bolshoi’s director Gennady Yanin resigned after gay pornographic photographs resembling him were posted online and anonymously emailed to staff and artists.

Filin, too, has had his e-mail hacked in recent months and messages posted online. He also reported that the tires on his car had been slashed and that he had received written threats.

Tsiskaridze, a Georgian who frequently appears on television, has led a campaign against the current management, leading to his almost total exclusion from performances.

National Reputation

While he wasn’t answering calls to his mobile phone, he told [Moskovskii Komsomolets](#) newspaper that he had nothing to do with the attack on Filin. He stopped short of condemning it.

“Such things have always happened,” he said, and hinted the attack could be because of personal difficulties. Novikova denied that Filin had any problems at home and said that work will continue as usual.

“It is not just Sergei’s health at stake, but the reputation of the entire country,” she said. At the weekend, the premiere of a new children’s opera went ahead on the Bolshoi’s second stage, and ballet rehearsals continued.

“We are finding it hard to eat and drink, but we have to rehearse, first and foremost because it’s what Sergei would have wanted,” said Meskova. “We are all stressed and we’re all waiting for the police and investigators to tell us who it was that did this horrible thing.”

Muse highlights include [Scott Reyburn](#) on the art market, [Warwick Thompson](#) on [London](#) theater and [Erika Lederman](#) on London going out.

To contact the reporter on this story: Shaun Walker in Moscow at shaunwalker7@gmail.com

To contact the editor responsible for this story: Manuela Hoelterhoff at mhoelterhoff@bloomberg.net.

Bloomberg Homepage

Bloomberg Blog Italy's Riva Steel Billionaires May Close Country's Largest Mill

Italy's Riva Steel Billionaires May Close Largest Factory

By Kambiz Foroohar & Chiara Remondini - Jan 18, 2013 3:57 PM GMT+0100

BREAKING NEWS

Sales of U.S. Existing Homes Drop on Lowest Supply in a Decade

Italy's Riva Steel Billionaires May Close Largest Factory

One of Europe's richest families is facing potential ruin after being accused of pumping cancer-inducing toxins into the air and having almost \$2 billion in assets seized by an Italian judge.

Emilio Riva, 86, the chairman of closely held Gruppo Riva SpA, Italy's largest steel producer, is accused of causing an "environmental disaster" at the company's Ilva steelworks plant in Taranto, Italy, according to court documents. The billionaire lost an appeal on Jan. 16 to overturn a house arrest imposed by the court in July, triggering a union protest at the plant, which Italian prosecutors closed part of in Jul



Carlo Hermann/AFP/Getty Images

Residents and workers of the Ilva steelworks protest against pollution during a demonstration in the Italian southern city of Taranto, on August 17, 2012. The closing of the plant, which supplies a third of the country's steel, has set off a conflict in the city of 190,000 between the unions, who are worried about job losses, and the community groups, who are concerned about public health.

Residents and workers of the Ilva steelworks protest against pollution during a demonstration in the Italian southern city of Taranto, on August 17, 2012. The closing of the plant, which supplies a third of the country's steel, has set off a conflict in the city of 190,000 between the unions, who are worried about job losses, and the community groups, who are concerned about public health.

Photographer: Carlo Hermann/AFP/Getty Images

Prime Minister Mario Monti's government issued a decree in December reopening the facility. The prosecutors have appealed to the country's Constitutional Court.

The company, which has been paying its 12,000 workers since production ceased, is now running out of cash, according to a Riva official who declined to be identified because the company's finances are private. It may be forced to close the plant if it can't reach an agreement with its labor unions next week. One of the unions, FIM-CISL, declared an indefinite strike yesterday.

"They tried to cut corners, bend the rules," said Ruggero Ranieri, a professor of economic history at the University of Padua who specializes in European steel companies. "The family didn't build a relationship with the community and there is a great deal of hostility toward them."

In December, prosecutors issued a European arrest warrant for Riva's oldest son, Fabio, 58, a company vice president, according to Italian news agency ANSA, which said he has fled into exile. Another son, Nicola, 54, a company director, is also facing environmental charges and is under house arrest. The lawsuits against the family have been opposed by Prime Minister Mario Monti.

Toxic Air

Giuliana Paoletti, a spokeswoman for the company, said the Rivas declined to comment for this account.

One of Europe's wealthiest industrial families, the Rivas control a \$6 billion fortune, according to the Bloomberg Billionaires Index. The company, which was founded in 1954 by Emilio and his younger brother, Adriano, 81, has operations from Germany to North Africa and produced 16 million tons of raw steel last year. They have never appeared on an international wealth ranking.

The Riva fortune first came under threat in July, when Patrizia Todisco, a judge in Taranto, accused the family of not installing filters and other safety measures that would have prevented the release of toxins that induced some kinds of cancer into the air. In court documents, Todisco said the company had not lived up to earlier promises to clean up its operations. She shut down the plant.

Counter Offer

Todisco has asked the company to pay 3 billion euros to clean up the Taranto air. The company, which is fighting the charges, has made a counter offer to the court for the environmental clean up, the Riva official said.

The closing of the plant, which supplies a third of the country's steel, has set off a conflict in the city of 190,000 between the unions, who are worried about job losses, and the community groups, who are concerned about public health.

It also ignited a fight between Monti and Italian prosecutors, who want to keep the plant closed. In December, Monti's government passed an emergency decree to allow the plant to continue working, saying that the plant is of strategic importance and could cost Italy about 8 billion euros. The courts have seized all steel produced by the plant.

Corruption Investigation

In 2011, Riva reported revenue of \$13.4 billion and net income of \$437 million, according to data compiled by Bloomberg. In November, Todisco impounded Riva steel products valued at 1.4 billion euros as part of an investigation into corruption.

She also ordered the arrest of more executives, including Fabio Riva, for corruption and bribery of officials to water down environmental reports. Wire-tap evidence cited by the prosecution claims senior executives tried to bribe officials to cover up environmental hazards at the plant.

European Union Environment Commissioner Janez Potocnik said he was monitoring the developments in Taranto, and that he has not ruled out taking his own legal action against Riva.

“Responsibility to protect the environment and public health lies first and foremost with national governments,” Potocnik said in an e-mail on January 18. “The Commission’s role is to ensure that governments respect EU law, including environmental law. In doing so, the Commission has to follow a number of legal procedures, including going to court if needed.”

To contact the reporters on this story: Kambiz Foroohar in New York at kforoohar@bloomberg.net; Chiara Remondini in Milan at cremondini@bloomberg.net

To contact the editor responsible for this story: Matthew G. Miller at mmiller144@bloomberg.net

Bloomberg Homepage

Slovenia Government on Brink of Ruin as Bailout Looms

By Boris Cerni - Jan 23, 2013 10:31 AM GMT+0100

Slovenia is on the brink of early elections as corruption allegations against Prime Minister Janez Jansa threaten to sink the government as it fights to avoid a bailout during an economic recession.

Citizens List will decide today whether to quit the five-member coalition after the country's anti-graft agency said the premier failed to declare some private assets. The party's departure would force the government into minority rule or prompt elections unless it finds a replacement.

[Enlarge image](#)

Slovenia Government on Brink of Ruin as Bailout Looms



Jure Makovec/AFP/Getty Images

Protesters hold a sign during a demonstration against political corruption and the Prime Minister Janez Jansa in Ljubljana.

Protesters hold a sign during a demonstration against political corruption and the Prime Minister Janez Jansa in Ljubljana. Photographer: Jure Makovec/AFP/Getty Images

Slovenia is looking to avoid becoming the sixth euro-area nation to resort to financial aid after the government devised a 4 billion-euro (\$5.33 billion) bank bailout. Jansa's Cabinet, less than a year in office, is working on an economic overhaul and savings measures to cope with the country's second recession in three years.

"An early vote would in all likelihood mean a delay in Slovenia's much-needed reforms, particularly to the banking sector," William Jackson, an economist at Capital Economics Ltd. said by phone from London. "Without these, it's difficult to see how Slovenia will escape from recession and will remain vulnerable in the event of a deterioration in the external financing environment, which could lead to renewed fears that a bailout would be needed."

Rating Outlook

The country risks a credit rating downgrade, an increase in risk premium on Slovenian bonds and in the cost of capital in case of snap elections, which would also halt efforts to lead the economy out of the crisis, Jansa said Jan. 11. Moody's Investors Service rates Slovenia at Baa2, its second-lowest grade, while Standard and Poor's gives it an A rating with a credit-watch negative outlook.

The yield on Slovenia's 2022 dollar-denominated bond was little changed at 5 percent at 10:08 a.m. in Ljubljana after rising to a four-week high of 5.02 percent on Jan. 21, according to data compiled by Bloomberg. The benchmark SBITOP (SBITOP) index was down for a third consecutive session, sliding 0.94 percent to 638.09, the fourth-biggest decline in the world among the 94 indexes tracked by Bloomberg.

Citizens List gave Jansa, who allegedly failed to declare more than 200,000 euros in assets, until midnight yesterday to resign. Finance Minister Janez Sustersic, a member of the party, said yesterday in Brussels that he would step down if the group leaves the coalition.

Sustersic helped passed legislation to create a "bad bank" that will take up bad loans from lenders such as Nova Ljubljanska Banka d.d. and Nova Kreditna Banka Maribor. (KBMR) In exchange, the banks would receive government-guaranteed bonds. Lawmakers also passed budgets for this year and next as well as changes to the pension system to ease the burden on public finances.

Investors' Trust

"All the demand for bonds that Slovenia was able to generate in October was built on investors' trust in the government being willing and able to implement reforms," Otilia Simkova, an analyst at Eurasia Group in London, said by phone. Failure to implement the changes "would have its impact on investors' considerations. Slovenia will be approaching markets quite soon so this would be a problem."

The government may sell as much as 3 billion euros of debt this year to repay maturing credits as yields fall, finance the budget and recapitalize the banking industry, Deputy Finance Minister Dejan Krusec told reporters in Vienna Jan. 15.

Gross domestic product fell 3.3 percent in the third quarter from a year earlier, the third-biggest drop in the euro region after Greece and Portugal, as consumption slumped and exports to Europe eased. GDP is forecast to recover in 2014 to 0.9 percent growth, according to a European Commission report in November.

Croatian Membership

Croatia's July entry to the EU as its 28th member may also become a casualty if the turmoil deepens. Slovenian lawmakers have yet to approve the accession of their neighbors because of a banking dispute stemming from the breakup of Yugoslavia. All of the bloc's members must approve any expansion of the world's largest trading area.

"I had assumed that Slovenia would not dare to go it alone and be the only EU member state not to have ratified the treaty, thereby delaying Croatian EU accession," Timothy Ash, chief emerging-markets economist at Standard Bank Plc in London, wrote in a note to clients yesterday. "If the Jansa government collapses, and early elections are called with parliament in recess, it might be technically difficult for Slovenia to ratify the treaty."

To contact the reporter on this story: Boris Cerni in Ljubljana at bcerni@bloomberg.net

To contact the editor responsible for this story: James M. Gomez at jagomez@bloomberg.net

Bloomberg Homepage

Rolexes Pawned in Macau Signal Further Gains for Casinos

By Vinicy Chan - Jan 23, 2013 9:30 AM GMT+0100

Across the way from casino mogul [Stanley Ho](#)'s Grand Lisboa in Macau, flashing neon lights lure cash-strapped gamblers to pawn their Rolexes and other trinkets and take another tilt at the gaming tables.

In almost any other city, these “receptacles of misery and distress,” as [Charles Dickens](#) termed pawnshops, thrive in times of economic downturn. Not in Macau, where they help fuel a casino market that's six times the [Las Vegas Strip](#) by enabling the mainland Chinese who crowd the gaming tables to sidestep [China](#)'s currency controls.



[Enlarge image](#)

Jerome Favre/Bloomberg

Luxury watches are displayed in the window of a pawn shop in Macau, China.

Luxury watches are displayed in the window of a pawn shop in Macau, China.

Photographer: Jerome Favre/Bloomberg

Pedestrians walk past pawnshops in Macau. Macau's pawnshops provide instant credit to gamblers who run out of cash, in contrast to their role until the 1960s as a bank for the poor and a place for the rich to store their valuables.

Pedestrians walk past pawnshops in Macau. Macau's pawnshops provide instant credit to gamblers who run out of cash, in contrast to their role until the 1960s as a bank for the

poor and a place for the rich to store their valuables. Photographer: Jerome Favre/Bloomberg

A man inspects a gemstone in a pawnshop in Macau. Rolex, IWC and Cartier watches, diamond jewelry and gold Buddha statues are among the most popular items for sale.

A man inspects a gemstone in a pawnshop in Macau. Rolex, IWC and Cartier watches, diamond jewelry and gold Buddha statues are among the most popular items for sale.

Photographer: Daniel J. Groshong/Bloomberg



[Enlarge image](#)

Daniel J. Groshong/Bloomberg

Women work in a pawnshop in Macau. Unlike in neighboring Hong Kong, Macau pawnbrokers can have a retail business on the premises and there is no limit on how much they can loan in exchange for valuables.

Women work in a pawnshop in Macau. Unlike in neighboring Hong Kong, Macau pawnbrokers can have a retail business on the premises and there is no limit on how much they can loan in exchange for valuables. Photographer: Daniel J.

Groshong/Bloomberg

A man smokes a cigarette as he walks past stores in Macau.

A man smokes a cigarette as he walks past stores in Macau. Photographer: Jerome Favre/Bloomberg

Pawnshops with a 450-year history dating back to the Qing dynasty, flourished after the government ended a 40-year gaming monopoly in 2002 and opened the market to foreign operators including Las Vegas Sands Corp. and Steve Wynn's Wynn Resorts Ltd., seen in this photo.

Pawnshops with a 450-year history dating back to the Qing dynasty, flourished after the government ended a 40-year gaming monopoly in 2002 and opened the market to foreign operators including Las Vegas Sands Corp. and Steve Wynn's Wynn Resorts Ltd., seen in this photo. Photographer: Daniel J. Groshong/Bloomberg

Gambling revenue in the city of 576,000 people will climb 16 percent to a record \$44 billion this year, driven by mass-market visitors from China as operators try to cut their reliance on high-rollers, Credit Suisse Group AG estimates. Unlike the VIPs, these gamblers don't have ready access to casino-linked credit lines.

"Unofficial funding channels, such as pawnshops, are likely to gain more importance as the casinos are keen to attract more premium-mass gamblers," said Gabriel Chan, an analyst in [Hong Kong](#) for the Zurich-based bank. To skirt the cap on [yuan](#) they can take out of China, gamblers buy expensive goods from pawnshops using debit cards and trade them in for cash at the same store, he said.

Middle-class Chinese tourists have helped fuel growth in Macau. Revenue from mass-market gamblers will rise at least 25 percent this year, exceeding the industry's gain, according to Credit Suisse and Deutsche Bank AG estimates.

Two Billionaires

That will mean continued profits for casinos including billionaire [Sheldon Adelson's](#) Venetian -- Macau's biggest resort -- Ho's Grand Lisboa and Lui Che-woo's Galaxy Macau. Shares of [Galaxy Entertainment Group Ltd. \(27\)](#) have more than doubled in the past 12 months, while Sands China Ltd. jumped 52 percent and Ho's [SJM Holdings Ltd. \(880\)](#) soared 60 percent. All outperformed the Hong Kong Hang Seng Index's 18 percent gain.

There's room to grow. Sands China, controlled by Adelson, who is 18 on the [Bloomberg Billionaires Index](#) (Lui is ranked 68), and Galaxy Entertainment may benefit the most from the boom because of their focus on premium-mass gamblers. Both are [rated](#) the equivalent of a buy by Credit Suisse and Deutsche Bank.

The price of SJM, which operates 20 of Macau's 35 casinos, is about [20 times](#) its earnings, lower than the average of 22 for 16 global peers compiled by Bloomberg. [Galaxy Entertainment](#) has a multiple of about 24, and Steve Wynn's Wynn Macau Ltd. unit trades at about 16, according to the data.

Mainland Tourists

[Tourists](#) from mainland China can bring 20,000 yuan (\$3,217) when traveling across the border, and withdraw as much as 10,000 yuan a day with each card at cash machines. The average Chinese visitor stays about two nights in Macau, a territory of China that, like Hong Kong, has retained its own currency and legal system since the end of colonial rule.

Premium mass-market visitors form the top tier of the mass market, typically spending as much as 500,000 yuan a trip and placing minimum bets of 2,000 yuan per hand, said [Karen Tang](#), a Hong Kong-based analyst at Deutsche Bank. The high-rollers, who bet at least 10,000 yuan a hand, account for about two-thirds of revenue in the world's largest gambling hub.

VIP baccarat rose 7.5 percent to 210.9 billion patacas in Macau last year, according to data compiled by Bloomberg Industries. All other games climbed 30 percent to 93.3 billion.

Off Macau's bustling Avenida da Amizade, at one of dozens of pawnshops operating 24 hours a day, a salesman named Ah Keung said customers typically come in to buy valuables using a debit or credit card.

Instant Credit

"We'll then refund them in Macau patacas or Hong Kong dollars in cash as if they had decided to sell the goods immediately," Ah Keung said. Pawnshops usually take 5 percent to 10 percent of the cash refund as commission, he said.

Macau's pawnshops provide instant credit to gamblers who run out of cash, in contrast to their role until the 1960s as a bank for the poor and a place for the rich to store their valuables, according to a leaflet from the [Tak Seng On Pawn Shop Museum](#), run by the government's Cultural Affairs Bureau.

These shops, with a 450-year history dating back to the Qing dynasty, flourished after the government ended a 40-year gaming monopoly in 2002 and opened the market to foreign operators including [Las Vegas Sands Corp. \(LVS\)](#) and [Steve Wynn's Wynn Resorts Ltd. \(WYNN\)](#)

The number of pawnshops in Macau more than tripled in the past 10 years to about 170, said Chou Chin-Leong, president of the Macau General Chamber of Pawnbrokers.

No Limit

There are no official figures on pawnshops' contribution to casino revenue, and Chou declined to provide financial information.

Unlike in neighboring Hong Kong, Macau pawnbrokers can have a retail business on the premises and there is no limit on how much they can loan in exchange for valuables, said Chou, who started working in the trade about 30 years ago and owns seven pawnshops, three jewelry stores and three restaurants.

Rolex, IWC and Cartier watches, diamond jewelry and gold Buddha statues are among the most popular items for sale, said a saleswoman at Ka Shing Pawn Shop who would only give her name as Wing.

Pledged valuables that aren't redeemed, alongside brand-new items that pawnshops buy directly overseas at reduced costs, are then sold to bargain-hunters.

Retail Contributor

In a sign of pawnshops' changing role, the retail business has become the main earnings contributor, accounting for as much as 70 percent of profits, Chou said.

Spokesmen for [Visa Inc. \(V\)](#), the world's biggest electronic- payments network, and China UnionPay, the national bankcard network, declined to comment on how much mainland Chinese spend in Macau.

Mainland Chinese make up as much as 80 percent of all visitors at [Sands China Ltd. \(1928\)](#) casinos, said Melina Leong, a spokeswoman at the owner of the Venetian.

Casino revenue is the biggest contributor to economic growth in the city, a former Portuguese colony that's half the size of [Manhattan](#), accounting for 45 percent of gross domestic product in 2011. Spurred by casino earnings, [per-capita GDP](#) jumped more than fourfold within a decade to \$67,093 in 2011.

The city's casino market is also driven by the middleman or junket operator, who brings in high-stakes gamblers betting as much as the legal limit of 250,000 patacas a hand, equivalent to more than \$30,000.

Junket Operators

[Junket operators](#) identify high-rollers in China, organize their trips to Macau, and offer credit. They also enforce and collect gambling debts on behalf of the casinos in a legal void, said Steve Vickers, a former commander of the Royal Hong Kong Police's Criminal Intelligence Bureau, who now runs his own credit-risk and corporate investigation company.

"The junkets have evolved into a major component of an informal financial system," Vickers wrote in an e-mail.

Suspicious transaction records related to the financial and gaming industries more than doubled to 1,563 cases in 2011 from 725 in 2007, Macau's Financial Intelligence Office said in its 2011 [annual report](#). There were no suspicious transactions reported by pawnshops for the past five years, according to Daniel Tang, a senior officer at the office.

Pawnbrokers are required to submit a monthly report to Macau police listing what has been pawned in the past 30 days and may have to produce customer records upon requests from the police, Tang said in an e-mailed response to a Bloomberg News query.

Restaurant Bills

A gambler surnamed Huang from the southern city of Guangzhou, who asked not to be further identified because he was skirting the law, said he once bought 150,000 yuan of watches from a pawnshop and had the purchase split into three transactions so he didn't have to leave his contact details.

There are other ways to get cash in Macau too, according to Huang, who said he visits the city once every three to four months and gambles about 100,000 yuan on each trip. He said in some restaurants, he adds the amount of cash he wants to take out and puts it on top of his bill.

The ease of changing yuan into other currencies, the lack of foreign-exchange controls and the commingling of illicit and legitimate money at the casinos makes Macau

vulnerable to [money laundering](#), including proceeds from corruption, the U.S. State Department said in a report last year.

“There are all kinds of ways to shuffle money out of China,” said Doug Guthrie, dean of George Washington University School of Business, who specializes in Chinese economic reform, leadership and corporate governance. Some methods are more official, like project investments, while others are “a bit more under the radar,” he said.

“If you come to Hong Kong or Macau, you can exchange [renminbi](#) into Macau patacas or Hong Kong dollars pretty easily,” Guthrie said. “By doing so your money can travel anywhere in the world with ease.”

To contact the reporter on this story: Vinicy Chan in Hong Kong at vchan91@bloomberg.net

To contact the editor responsible for this story: Anjali Cordeiro at acordeiro2@bloomberg.net

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[Banks Too Big to Manage Find Davos Vows Too Hard to Win](#)

By Christine Harper & Elisa Martinuzzi - Jan 23, 2013 12:01 AM GMT+0100



Fabrice Coffrini/AFP via GettyImages

UBS AG Chairman Axel Weber.

Leaders of the world's biggest banks, from Citigroup Inc. (C)'s Vikram Pandit to Barclays Plc (BARC)'s Robert Diamond, have failed to honor promises made in Davos to restore trust in their industry after the financial crisis.

[Enlarge image](#)

[Banks Too Big to Manage Find Davos Vow of Trust Too Hard to Win](#)

Gianluca Colla/Bloomberg

About 10,000 jobs will be eliminated over three years as UBS exits the most capital-intensive fixed-income trading businesses.

About 10,000 jobs will be eliminated over three years as UBS exits the most capital-intensive fixed-income trading businesses. Photographer: Gianluca Colla/Bloomberg



[Enlarge image](#)

Former Citigroup Chief Executive Officer Vikram Pandit

Chris Ratcliffe/Bloomberg

Former Citigroup Chief Executive Officer Vikram Pandit, co-chairman of the 2012 meeting, said at a press conference last year that “trust has been broken.

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Goldman Sachs Group Inc. CEO Lloyd C. Blankfein

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Joining the debate in Davos will be Goldman Sachs Group Inc. CEO Lloyd C. Blankfein, who is returning for the first time since 2008.

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UBS AG (UBSN) Chairman Axel Weber, the former Bundesbank president who’s serving as one of six co-chairs of the World Economic Forum’s annual meeting in the Swiss ski resort this week, is taking a different approach. His bank is shrinking.

More Bloomberg coverage of the 2013 Davos World Economic Forum.

Weber, whose company is undergoing the most radical surgery of global peers, will be joined in Davos by the chief executive officers of the world's nine biggest investment banks. All face a skeptical public after their firms were fined record amounts and took charges last year for misdeeds ranging from money laundering and rate-rigging to trading losses.

With each scandal, "the behavior is described as unconscionable and unacceptable, and the following week there's yet another issue that comes forward," said Mark Arena, a former head of communications for UBS in the Americas who left in 2010 and now rates public-relations efforts for the website PR Verdict. "There is a growing suspicion among regulators and also among the public that these firms are just simply too big to be managed effectively."

UBS Fines

Since Weber became chairman in May, Zurich-based UBS has been pummeled by past sins. Former trader Kweku Adoboli was sentenced to seven years in prison for unauthorized trades; the bank was found guilty of fraudulently selling interest-rate swaps to Milan; and it agreed to pay \$1.5 billion to settle claims that traders manipulated a benchmark interest rate. UBS is now cutting more than 15 percent of its staff and shutting most fixed-income trading to focus on wealth management.

See also: [Big Banks Pushed to Shrink or Break Up in Poll](#)

"There is now a debate on whether that's a unique strategy that UBS is following," Weber, 55, said in an interview. "Others need to decide what is right for them. But if we read the signs of the times right, then I think we are understanding that the future of investment banking is changing."

Joining the debate in Davos will be Goldman Sachs Group Inc. (GS) CEO Lloyd C. Blankfein, 58, who's returning for the first time since 2008, and JPMorgan Chase & Co. (JPM)'s Jamie Dimon, 56, making his third straight appearance. Dimon's pay for 2012 was cut by 50 percent after his bank suffered a loss of more than \$6.2 billion on a trading strategy he called "flawed, complex, poorly reviewed, poorly executed and poorly monitored."

Pandit Promise

Diamond and Pandit, both of whom stepped down as CEOs last year, won't be visiting the Alpine resort this week.

Pandit was co-chairman of the 2012 meeting. "Trust has been broken," he said at a press conference then. "Banks have to serve clients, not serve themselves."

Less than three months later, shareholders rejected the bank's executive-pay plan amid criticism that it allowed Pandit to collect rewards too easily. Pandit, 56, sold his hedge fund to Citigroup for \$165 million and received about \$15 million in cash over five years at the company. He was replaced in October by Michael Corbat, 52, who will be in Davos this week.

In 2011, Diamond told Bloomberg Television in Davos that the financial industry hadn't done a good enough job educating the public on "how we add to the quality of their lives" and said "we need to regain the trust of the public."

Diamond resigned in July after Barclays was fined 290 million pounds (\$459 million) for attempting to manipulate the London interbank offered rate, or Libor. His departure came after U.K. regulators said they had lost confidence in Diamond, 61. His successor, Antony Jenkins, 51, will be in Davos.

Money Laundering

HSBC Holdings Plc (HSBA)'s then-Chairman Stephen Green, speaking in Davos in January 2009 as banks were still reeling from the global credit crisis, said the business world was suffering from a "lack of trust."

Last month, the London-based company agreed to pay at least \$1.9 billion to settle claims by U.S. regulators that it laundered funds for Mexican drug cartels and sanctioned nations including Iran. The settlement, the largest such accord ever, involved behavior alleged to have taken place from 2006 to 2010. Green, 64, who left the bank at the end of 2010, is now U.K. Minister for Trade & Investment.

Pandit, Diamond and Green declined to comment.

Least Trusted

Banks and financial-services companies are the least-trusted industries, according to a survey of more than 31,000 people in 26 countries released this week by public-relations firm Edelman. In developed markets, trust is 10 percentage points lower for those two industries than it was in 2008, according to Edelman's annual poll of so-called informed publics between ages 25 and 64.

More than half of the people who said they were aware of scandals within the banking and financial industry assigned the blame to issues within the companies' control such as conflicts of interest, corporate corruption or a culture driven by bonuses and compensation, the Edelman study found. The survey was conducted from mid-October through the end of November.

"We're going to be in the doghouse for a while," Morgan Stanley (MS) CEO James Gorman, 54, said at an industry conference in November. Gorman will be in Davos for the second time this week.

Financial-market professionals also had doubts about the world's largest banks, according to a Bloomberg Global Poll. The survey of 921 Bloomberg customers conducted Jan. 17 found 25 percent were "not confident" and 32 percent were "just somewhat confident" that firms could be counted on to take prudent risks and obey the law and regulations. Sixty-one percent said legal woes such as Libor manipulation and money laundering influenced how they viewed banks' trustworthiness.

Shrinking Banks

Shrinking or breaking up banks was chosen by 29 percent of the people surveyed as the best way to increase their trust in the institutions, while 23 percent said different compensation incentives would be the best fix. That compared with 17 percent who cited different or tougher regulation.

"These things add up to people saying, 'Why exactly do we think the banks should be this big and this powerful?'" said Simon Johnson, an economics professor at the Massachusetts Institute of Technology's Sloan School of Management and a Bloomberg View columnist. "People's patience has worn a little bit thin."

Under UBS's reorganization orchestrated by Weber and CEO Sergio Ermotti, 52, the bank is focusing on its core wealth-management unit and shrinking the investment bank. About 10,000 jobs will be cut over three years as the firm exits most capital-intensive fixed-income trading. Investors have rewarded UBS with the highest valuation of global banking peers.

'Economic Dynamism'

The nine biggest investment banks by reported assets -- Deutsche Bank AG (DBK), Barclays, JPMorgan, Bank of America Corp. (BAC), Citigroup, UBS, Credit Suisse Group AG (CSGN), Goldman Sachs and Morgan Stanley -- climbed an average 37 percent last year, beating the 13 percent gain in the Standard & Poor's 500 Index. (SPX)

Still, of those nine companies, only UBS and Goldman Sachs are trading above book value, which measures how much would be left for shareholders if all of the company's assets were sold to pay off liabilities.

UBS's Weber, like bank CEOs in prior years, said in a video posted on the World Economic Forum website that "finance is necessary to assure economic dynamism."

That message, also behind bank ad campaigns such as Goldman Sachs's "Progress Is Everyone's Business," misses the point because the public already understands that banks have an important role in the economy, PR Verdict's Arena said.

"The issue of social utility is really now secondary," Arena said. "It really is a more fundamental issue of, 'Can you manage these places?' We don't really trust what the banks are saying because we just don't think they even have their finger on the pulse of everything that's going on."

'Collective Failure'

Weber will appear with Dimon today at a session titled "The Global Financial Context" to debate how greater capital demands on banks will affect the economy. Deutsche Bank co-CEO Anshu Jain and Bank of America CEO Brian T. Moynihan will join French Finance Minister Pierre Moscovici on a Jan. 25 panel about how to thrive in a world of low growth.

Two days ago, at a panel discussion in Koenigstein, Germany, Jain said that to restore trust banks need to eliminate the issue of too-big-to-fail, overhaul compensation and ensure that scandals like Libor manipulation don't happen again.

"Eighty percent of the headlines relate to the 2006-2008 period, when the system as a whole went through collective failure," Jain said. "The process isn't complete. You can't change decades of culture over a short period."

Dimon, who also spoke on the panel, called his bank's trading loss last year "a terrible mistake." Still, he said, "lumping all banks together is just unfair."

Weber Warning

As president of Germany's Bundesbank, Weber warned Davos participants in 2006 against complacency. In 2007, he told banks and investors they shouldn't expect a bailout from the central bank if they miscalculated their risks.

Such warnings weren't always welcome. Deutsche Bank's then- CEO Josef Ackermann said in a Jan. 16, 2007, interview that "we, the eight or nine players in global investment banking, have a very good future." A year later, he acknowledged that Davos in 2007 had been driven "by an irrational exuberance" and said "I hope that we don't swing to the opposite this year and give in to an irrational depression."

Ackermann, a Swiss national, left Deutsche Bank last year and is now chairman of Zurich Insurance Group AG. His successors at Deutsche Bank and other financial companies haven't indicated whether they'll follow the example Weber is setting at Switzerland's largest bank. Ackermann, who will be representing his company at Davos, declined to comment through a spokeswoman.

"The industry should go the way of UBS, reducing risk, complexity and the socially useless activities often associated with financial engineering," said Daniel Zuberbuehler, former vice chairman of the Swiss Financial Market Supervisory Authority and now a financial-services consultant at accounting firm KPMG LLP in Zurich. "Certain institutions are still too complex to manage and supervise."

To contact the reporters on this story: Christine Harper in New York at charper@bloomberg.net; Elisa Martinuzzi in Milan at emartinuzzi@bloomberg.net

To contact the editors responsible for this story: David Scheer at dscheer@bloomberg.net; Edward Evans at eevans3@bloomberg.net

Bloomberg Homepage

Goodwin Procter, Latham, Paul Weiss: Business of Law

By Elizabeth Amon - Jan 23, 2013 1:01 PM GMT+0100

Goodwin Procter LLP advised Cole Credit Property Trust II Inc. on its agreement to merge with Spirit Realty Capital Inc. (SRC) in a stock transaction that would create a company with 2,012 properties in 48 U.S. states. Ropes & Gray LLP represented the Special Committee of CCPT II. Latham & Watkins LLP advised Spirit.

CCPT II will exchange 1.9 shares for each share of Spirit common stock, the Arizona-based companies said in a statement today. Spirit shareholders will own about 44 percent of the combined real estate investment trust with the remainder held by CCPT II shareholders. Shares of the joint company will be listed on the New York Stock Exchange under Spirit's stock symbol.

The pro-forma enterprise value of the new company is about \$7.1 billion, and the acquisition will create the second-largest publicly traded triple-net lease REIT in the U.S., according to the statement. The combined company will be led by Spirit's management. Seven of the nine board members will be from Spirit, it said.

The Goodwin Procter deal team was led by Gil Menna and included partners Suzanne Lecaroz, John Haggerty, Andrew Sucoff, Mark Opper and Samuel Richardson.

Ropes & Gray partners on the deal are John Loder, investment management; Amanda Morrison, corporate; and Peter Welsh, business and securities litigation.

Latham & Watkins LLP's corporate deal team consists of Los Angeles partners Julian Kleindorfer and Bradley Helms and Orange County partner Charles Ruck. Advice was also provided by New York finance partner David Teh; Chicago real estate partner Robert Buday; Los Angeles tax partners Michael Brody and Ana O'Brien; and Los Angeles benefits and compensation partner David Taub.

The transaction is expected to be completed in the third quarter, according to the statement. Triple-net lease structures mean the tenant is responsible for paying all the property's costs including maintenance, property taxes, utilities and insurance, minimizing expenses for the REIT.

News

Prudential Loses U.K. Top Court Ruling on Privileged Tax Advice

The U.K. Supreme Court said tax advice given to Prudential Plc (PRU) by accountants wasn't protected by legal privilege and should be disclosed to the British government.

The U.K.'s highest court said only advice from lawyers was protected by the privilege, according to a press summary of the judgment today. When tax authorities asked Prudential for information about a tax avoidance scheme created by PricewaterhouseCoopers LLP, the company argued it didn't have to hand over any documents containing advice from accountants.

"Accountants will be crying into their soup tonight, and tax lawyers will be dancing in the streets," said Peter Clough, a partner at U.K. law firm Osborne Clarke. "The case presents a clear cut choice for clients: if you want confidential tax advice, you're better off going to a law firm."

Companies including Starbucks Corp. (SBUX) and Google Inc. (GOOG) have been criticized by lawmakers for trying to reduce their U.K. tax liabilities with complex accounting methods.

Prudential spokesman Robin Tozer and PwC spokeswoman Laetitia Lynn declined to comment.

Firm News

Jones Day Appoints New Office Heads in Tokyo, San Francisco

Jones Day announced that Masatomo Suzuki has been named partner-in-charge of the firm's Tokyo office. He succeeds Nobu Yamanouchi, who has been partner-in-charge in Tokyo since 2008. Yamanouchi will continue to advise clients, particularly in the automotive, electronic, and pharmaceutical industries, in cross-border mergers and acquisitions, joint ventures and other corporate matters.

Aaron Agenbroad, a partner in Jones Day's labor and employment practice, has been named to succeed Bob Mittelstaedt as partner-in-charge of the San Francisco office. The firm also announced that David Kiernan, a partner in the U.S. business and tort litigation practice, will become the administrative partner of the San Francisco office, responsible for the day to day operation of the office. Kiernan replaces Louise Rankin, who left Jones Day to become general counsel of ABHOW, a housing and health care provider for senior citizens.

As head of the real estate practice in Tokyo, Suzuki has experience representing major Japanese real estate companies as well as foreign companies and funds involved in real estate transactions in Japan.

As partner-in-charge, Agenbroad will be responsible for the overall leadership, strategic vision, and management of Jones Day's San Francisco office. His labor and employment practice has a focus on representing corporate clients in complex labor and employment disputes. Mittelstaedt, who has served as partner-in-charge since 2006, has been asked to assume new responsibilities coordinating and expanding the firm's litigation practices in California. He has more than 30 years of experience as a trial lawyer.

Moves

Department of Defense GC Johnson Returns to Paul Weiss

Jeh Charles Johnson, the former general counsel of the Department of Defense, has returned to private practice as a partner in Paul, Weiss, Rifkind, Wharton & Garrison LLP's litigation department in Washington.

“We are so proud of Jeh’s public service and of his contributions to our nation,” Paul, Weiss chairman Brad S. Karp said in a statement. “We are thrilled to welcome a lawyer of his distinction back to our partnership.”

Johnson was appointed to his post by President Barack Obama in February 2009. As chief legal officer at the Defense Department, he oversaw the work of more than 10,000 lawyers. His accomplishments during four years in the post included handling reforms to the military commissions system adopted by Congress in 2009, co-authoring the report that paved the way for the repeal of the military’s “Don’t Ask, Don’t Tell” policy by Congress in 2010, and overseeing the military’s counterterrorism policies, the firm said.

The move marks the third time Johnson has returned to the firm after leaving for government posts. In 1998, he was appointed by President Bill Clinton to be general counsel of the Air Force. He held that position for 27 months and returned to Paul, Weiss in January 2001. In 1989, Johnson left Paul, Weiss to become an assistant U.S. attorney in Manhattan, where he prosecuted public corruption cases.

“It’s a privilege and a pleasure to return to my professional home, Paul, Weiss, and I look forward to rejoining my partners and serving the firm’s clients,” Johnson said in the statement.

Paul, Weiss has more than 700 lawyers at eight offices in the U.S., Europe and Asia.

WilmerHale Hires Ex-Federal Circuit Judge Gajarsa in Boston

Wilmer Cutler Pickering Hale and Dorr LLP hired Arthur J. Gajarsa, formerly a judge of the U.S. Court of Appeals for the Federal Circuit, in its Boston office. Gajarsa joins the firm as senior counsel in the intellectual property litigation practice and will provide counsel to the firm’s clients on IP-related issues.

Gajarsa was nominated to the Federal Circuit in 1996 by President Clinton and confirmed by the U.S. Senate in 1997. He retired in June 2012. Prior to his appointment, Gajarsa was a litigator who also practiced corporate law. He worked at the Commerce Department, the Interior Department and Defense Department, the firm said.

WilmerHale’s IP litigation practice has more than 140 lawyers and technology specialists with scientific or technical degrees. The firm has more than 1,000 lawyers at offices in 12 cities in the U.S., Europe and Asia.

Linklaters Appoints Banking and Restructuring Partner in Spain

Spanish banking lawyer Juan Barona joined Linklaters LLP’s Madrid office from Allen & Overy LLP where he was a partner.

“Our banking practice, and the Madrid office as a whole, has enjoyed significant success over the last few years. The addition of Juan to our team is the result of such success and is an appropriate and timely response to our commitment to best serve our clients’ demands,” Sebastián Albella, Linklaters senior partner for Spain, said in a statement.

Linklaters finance practice in Spain covers restructuring work, leveraged financing, corporate financing, equity and debt capital markets and other matters.

Linklaters opened an office in Spain in 2000. The firm has a team of about 100 lawyers in its Spanish office. The firm has lawyers at 28 offices worldwide.

Edwards Wildman Hires Hogan Lovells Public Finance Partner

Alethia N. Nancoo joined Edwards Wildman Palmer LLP as a partner in the Public Finance Department, in the firm's Washington office. She was previously with of Hogan Lovells LLP, where she was a partner in the infrastructure, project and public finance practice group, the firm said.

Nancoo's background is in public and project-debt financings, with a clientele comprised of municipalities, public issuers and authorities, nonprofit corporations, and investment banks, the firm said. She has advised clients in the U.S. and Caribbean in infrastructure construction; airport, toll road and surface transportation; mixed-use multifamily housing; and water and sewer matters.

Edwards Wildman has 625 lawyers at 15 offices in the U.S, Europe and Asia.

Litigation

Glaxo Plaintiff Lawyers Settle Dispute Over \$143 Million in Fees

Lawyers who won what may be a \$2.3 billion settlement with GlaxoSmithKline Plc (GSK) over its Avandia diabetes drug resolved their own fight over the allocation of almost \$144 million in legal fees.

Eight lawyers on a court-appointed fee committee agreed to take a smaller portion of the fee fund after nine objectors challenged their payouts, a special master assigned to review the recommendations said in court papers made public Jan. 18 in federal court in Philadelphia. The fee committee had asked for 71 percent of the fund set aside by U.S. District Judge Cynthia Rufe for the Avandia cases before her.

"Allocating a limited pot of common benefit fees among numerous counsel, all of whom are talented and capable attorneys and many of whom have made a significant contribution to the ultimate success of (a) case, is an unenviable task that is sure to lead to hurt feelings and bruised egos," Bruce Merenstein, the special master, wrote in the filing. "Yet, all of the parties involved handled this difficult task with care and equanimity."

The fee fund is 6.25 percent of the total settlement, according to court records. That means the total accord may be worth \$2.3 billion and the average payout for the 40,000 users of Avandia involved in the litigation would be about \$57,500 --before legal fees. People familiar with the settlement, who didn't want to be named because the terms weren't public, have said the fee fund was 7 percent of the total.

Glaxo, the U.K.'s biggest drugmaker, has said it paid more than \$3 billion to settle federal and state government claims that it illegally marketed Avandia, once the world's best-selling diabetes pill, and other medications. Company officials haven't said what the drugmaker spent to settle the Avandia

lawsuits before Rufe, and in state courts, alleging executives failed to properly warn consumers about the drug's risks.

The fee-advisory group, led by Philadelphia attorney Dianne Nast, agreed to a lower payout as part of the accord. Nast agreed to take \$6.3 million, down from \$6.7 million, according to court papers. Joseph Zonies, a Denver-based attorney who was slated to get the highest recommended fee, will see his firm's payout reduced to \$22.5 million from \$24.4 million for 18,232 hours of work. Vance Andrus, another Denver-based lawyer, saw the biggest reduction, a cut of about \$3 million that left him with a payout of \$14.6 million, according to the filing.

Other lawyers in the group, including Thomas Cartmell, Bryan Aylstock, Stephen Corr, Paul Kiesel and Bill Robins III all agreed to reductions from about \$700,000 to \$1.3 million each, according to court papers.

Fifty-eight law firms are seeking payment from the fund for common benefit work. The proposed payout for 41 firms that did not object will remain unchanged, Merenstein said in the filing. The allocation is subject to final approval from Rufe.

The consolidated case is *In re Avandia Marketing, Sales Practices and Products Liability Litigation*, 07-01871, U.S. District Court, Eastern District of Pennsylvania (Philadelphia).

Audio

Levitt Says White Would Be 'Tough, Smart' SEC Chairwoman

Arthur Levitt, former chairman of the U.S. Securities and Exchange Commission, says former U.S. Attorney Mary Jo White, now a partner at Debevoise & Plimpton LLP, would be a tough and smart SEC chairwoman. Levitt, a member of Bloomberg LP's board of directors, talks with Bloomberg's Tom Keene and Michael McKeeon Bloomberg Radio's "Bloomberg Surveillance."

To contact the reporter on this story: Elizabeth Amon in Brooklyn, New York, at eamon2@bloomberg.net.

To contact the editor responsible for this story: Michael Hytha at mhytha@bloomberg.net.

