

## MF GLOBAL'S TRUSTEE SUES FORMER CEO CORZINE

**NEW YORK:** The trustee in the MF Global Holdings bankruptcy case has sued ex-CEO Jon Corzine and other former executives, alleging that they "failed to act in good faith" while running the company.

The lawsuit, filed Monday in bankruptcy court in New York, says Corzine and two other top executives "dramatically changed" the company's business plan after he became CEO in late 2010. They then failed to update controls and other systems that were already weak, the lawsuit said. Corzine then pushed the company into making big bets on bonds issued

by European countries, a move that proved disastrous during the implosion of the debt crisis the following summer.

According to the lawsuit, the company's controls were so bad that it couldn't determine its liquidity levels in real time, a weakness that ultimately contributed to the company's collapse in October 2011. It portrays Corzine and others as executives who were aware of the risks but purposefully ignored them. Corzine, who stepped down as MF Global CEO soon after the collapse, is the former co-chairman of Goldman Sachs, a former

Democratic US senator and the former governor of New Jersey.

Corzine and two of his top executives, the chief operating officer and the chief financial officer, "were repeatedly warned - in reports, meetings, emails, and in-person exchanges - of the failures and need for improvements in the Company's procedures and controls," the lawsuits says. "Yet, instead of taking necessary steps to fix those problems," Corzine and his deputies "pursued an even riskier business plan." The lawsuit is notable not because of any significant revelations but because it re-

presents an escalation in the battle between Corzine and the bankruptcy trustee, former FBI director Louis Freeh. Freeh is overseeing the wind-down of MF Global Holdings, which means he is trying to recover money for creditors. Earlier this month, Freeh filed a scathing report about Corzine and other executives with many of the same accusations. At the time, he said that he had already prepared a complaint against the former executives, but agreed to postpone filing it until after trying to resolve the issues through mediation.

A Corzine spokesman at the time con-

demned the portrayal of the former CEO. Steven Goldberg, the spokesman, said the report ignored the fact that banks and other firms that were MF Global's trading partners failed. They didn't pay what they owed to MF Global, a key cause of the company's collapse.

It's not the first lawsuit against Corzine: MF Global shareholders and customers have also filed complaints. A separate trustee, James Giddens, is in charge of recovering money for customers of the parent company's broker-dealer, MF Global Inc. —AP

## NBK'S LONG-TERM DEPOSIT RATING AFFIRMED AT AA3, OUTLOOK STABLE

MOODY'S: RATING REFLECTS DOMINANT DOMESTIC FRANCHISE

**KUWAIT:** Moody's Investors Service said that National Bank of Kuwait's (NBK) rating reflects its dominant domestic franchise, consistent and above average core profitability, and robust financial fundamentals including good asset quality metrics

and strong capitalization.

Moody's has recently affirmed NBK's Aa3/Prime-1 long- and short-term deposit ratings and the bank's C standalone bank financial strength rating (BFSR), equivalent to a baseline credit assessment of A3.

The outlook on the ratings is stable.

In its latest credit opinion report, Moody's stressed that NBK continues to report good and-better-than-domestic-peer asset quality metrics. NBK's consistently high levels of core profitability remain a source of

strength. The agency expects that NBK will maintain comfortable capitalization metrics in 2013. Moody's said that NBK's size and domestic ranking places it in a preferential position to exploit larger credit opportunities compared to its domestic peers.

The rating agency added that NBK has a stable deposit base and it would benefit from "flight to quality" in the event of non-intrinsic systemic problems.

Moody's said that NBK is the largest financial institution in Kuwait with a market share of just under 30% of consolidated system assets. NBK's corporate banking is strong; the bank has historically acted as lead-financier for the majority of public contracts awarded to foreign companies. The bank is a leader in trade finance and one of the few indigenous banks with the capacity to structure and underwrite large capital market transactions. NBK has consistently been awarded the highest credit ratings of all banks in the region by the major international rating agencies: Moody's, Standard & Poor's and Fitch Ratings. NBK is the only Arab bank to be listed among the world's 50 safest banks seven times in a row.



**MANILA:** A homeless family lives on a makeshift house along a street in Manila yesterday. The Philippines has failed to make headway in cutting rampant poverty, with more than one in four citizens deemed poor despite the country's economic growth, according to census figures released yesterday. —AFP

## PHILIPPINES FAILING TO TACKLE RAMPANT POVERTY: CENSUS

**MANILA:** The Philippines has failed to make headway in cutting rampant poverty, with more than one in four citizens deemed poor despite the country's economic growth, according to census figures released yesterday. The July 2012 poverty rate of 27.9 percent is practically unchanged from 2006 and 2009 data, according to the National Statistical Coordination Board. Filipinos forced to live on less than \$0.62 a day are considered poor, according to the government's poverty threshold. Economic Planning Secretary Arsenio Balisacan said under employment in rural areas, security problems in provinces facing insurgencies and warlords, and the falling price of a number of commodities such as sugar were mainly to blame. "If the problem of visible under employment in agriculture is addressed, then incomes of farmers would increase, poverty incidence would decrease, and we would not be compromising food security," Balisacan said in a statement.

The nation of about 100 million people posted 6.6 percent economic growth last year, and this year obtained its first ever investment grade rating from Fitch Ratings. However the January 2013 jobless rate

stood at 7.1 percent, with a further 20.9 percent under employed, or working fewer than 40 hours a week. About 41.8 percent of the under-employed are in the farming sector, it said. Norio Usui, Senior Country Economist for the Manila based Asian Development Bank, said the government must solve the problem of jobless growth if it hoped to reduce poverty. "I am not surprised at all. The benefits of strong economic growth have not spilled over to the people because they still cannot find a job," he told AFP in a telephone interview. He said the Philippines' economic model depended on consumption, strong remittances from its large overseas workforce and the outsourcing industry, which employs highly educated workers. However, the Philippines, with its weak industrial base, has stood out in the region, he added. "Why do you need a strong industrial base? To give jobs not only to the highly educated college graduates, but also to high school graduates," Usui said. The government put the annual per capita poverty threshold at 9,385 pesos (\$227.24). The state census board found that at least 28.6 percent of the population was considered poor in both 2006 and 2009. —AFP

## NEW UK REAL ESTATE INVESTMENT PRODUCT FOR KUWAITI INVESTORS

TREG TO UNVEIL PROJECT AT KUWAIT EXPO

**KUWAIT:** Top Real Estate Group (TREG) is delighted to announce the launch of a new UK real estate investment product to the Real Estate and Investment Exhibition 29th April - 04th May 2013, in the Kuwait International Fairs Ground, Mishref - Hall 8.

One Hockley, Nottingham is the ideal location for modern day student living. The student accommodation sector is now recognised as forming a critical component of a balanced investment portfolio and regarded by many professional investors as a serious and lucrative asset class.

Student Property has performed exceptionally well compared to traditional investments over the last year. In fact, it has outperformed every other commercial property class and delivered consistent returns throughout the economic downturn.

The student accommodation market is maturing as universities and colleges look to private sector to fulfil their accommodation needs. Subsequently, the sector has seen a rise in the number of high quality, purpose built residences. Currently 490,600 students source their accommodation through the private rented sector rather than through their universities, an increase of 154,500 since 2007.

By investing in Student property, investors can receive a greater rental yield than standard residential investments. One Hockley,



**Adrian Endersby, Business Development manager for TREG**

Nottingham is guaranteeing the investor a minimum 7.5 percent net yield for the first 2 years after completion. With property prices

starting from GBP 46,000, it allows all investors the opportunity to buy UK real estate. All properties are sold with a 999 year lease.

Adrian Endersby, Business Development manager for TREG, says: "we are delighted to be introducing a new real estate investment product to the forthcoming exhibition. We have seen fantastic sales globally in a product which allows all levels of investors the opportunity to buy in the UK. Having worked in the UK real estate sector for the past 10 years, it is very rare to have the opportunity to gain such high guaranteed yields, normally reserved only for big institutional investors. We are very confident all levels of investor in Kuwait will find this product very easy to acquire and manage, whilst benefiting from income guaranteed by the developer. There are no hidden fees to pay and the purchaser can feel confident their investment property is being managed by an experienced professional team."

Talking of any possible risks to the investor, Adrian added: "investors must be careful when buying such attractive offers, clients must assess the documents and approvals required to build such projects. The project at One Hockley has insurance in place to guarantee the clients deposit until the project is completed." The project is due for completion in July 2014 and is being displayed in partnership with Morpheus Parsons Wright (MPW) at the exhibition.

## BERNANKE TO MISS SESSION, HINTING AT EARLY DEPARTURE

**WASHINGTON:** Ben Bernanke is intensifying speculation that this year will be his last as Federal Reserve chairman by deciding to skip the Fed's annual August conference in Jackson Hole, Wyoming.

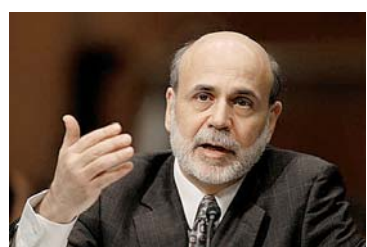
Jackson Hole has long been a high-profile platform for speeches by Fed chairmen. Since taking over the Fed in 2006, Bernanke has been the marquee speaker each year. In 2010, he used his speech to signal that the Fed could launch another bond-buying program. Stock prices jumped in response to his remarks. His second four-year term will end in January, and neither he nor President Barack Obama has signaled whether Bernanke will serve a third term.

The Jackson Hole retreat, sponsored by the Federal Reserve Bank of Kansas City, will be held Aug. 22-24. A Fed spokesman said Monday that Bernanke won't attend because of a "personal scheduling conflict." He didn't elaborate.

Tim Duy, an economics professor at the University of Oregon and author of the FedWatch blog, said Bernanke's decision suggests that he'll leave the Fed in January.

"I wonder if that indicates what we all believe," Duy said. All eyes at the conference will likely instead focus on the Fed's vice

chair, Janet Yellen, who is widely considered the front-runner to succeed Bernanke. Yellen, who previously led the San Francisco Fed, was appointed vice chair by Obama. Yellen has been a vocal supporter of Bernanke's low interest rate policies, and



her selection would suggest that the Fed would continue those policies.

And if Yellen is the keynote speaker at Jackson Hole this year, "that would just confirm her front-runner status," said Zach Pandl, an economist at Columbia Management, an asset management firm.

Pandl said it's even possible Bernanke could inform the White House of his intention to leave, and Obama could publicly tap Yellen to succeed him, before Jackson Hole. About 140 central bankers, economists, academics and government officials

attend the annual conference, which is in its 37th year. In 2010, Bernanke used his speech to list the Fed's options for stimulating a weak economy, including a second round of Fed bond purchases to try to keep borrowing costs low. That was the approach Bernanke eventually announced two months later.

Several of Bernanke's comments this year have caused observers to speculate that he is ready to leave after eight grueling years, which included the financial crisis and Great Recession, and likely resume teaching at Princeton University.

Asked at a news conference last month about his plans, Bernanke said, "I don't think that I'm the only person in the world who can manage the exit" from the Fed's record-low-rate policies and \$3 trillion in bond holdings. The Fed has vastly expanded its portfolio through bond purchases intended to keep rates low to encourage borrowing, spending and investing.

In congressional testimony in February, the normally circumspect Bernanke flashed impatience over criticism that the Fed under his leadership has escalated the risk of high inflation. Responding to a question from Sen. Bob Corker, a Tennessee

Republican, Bernanke said, "None of the things you said are accurate." "He didn't sound like someone who wanted to stick around in the job much longer," Duy said. This year's Jackson Hole conference will occur as even some members of the Fed's policy committee are pushing to end its \$85 billion-a-month in bond purchases, which began last year. That pressure could intensify by the time of the Jackson Hole conference, particularly if the economy has strengthened.

Bernanke said in December that the Fed would continue buying Treasury securities and mortgage-backed bonds until substantial progress was made in reducing unemployment. The unemployment rate remains a still-high 7.6 percent.

Assuming he does leave in January, Bernanke's absence from Jackson Hole would contrast with the 2005 conference, the last one before Alan Greenspan ended his 18-year tenure as Fed chief. That conference featured numerous expressions of praise for Greenspan's achievements at the Fed. Two years later, the financial crisis pushed the country into the worst recession since the Great Depression of the 1930s. —AP

## GIC NAMED BEST INSURANCE PROVIDER MIDDLE EAST 2013

GLOBAL BANKING & FINANCE REVIEW

**KUWAIT:** Gulf Insurance, the leading company in providing insurance services in Kuwait and the Middle East, has announced the winning of Global Banking and Finance Review awards 2013 in recognition to its innovative and comprehensive insurance solutions since the establishment in 1962.

The awards honor companies that stand out in particular areas of expertise in the banking and finance industry. The Corporate Communication & Investor Relation Manager Khaled Alsanousi said:

"Gulf Insurance Company has been chosen in this category this year because of the company's outstanding achievements in many areas of life and non-life insurance solutions and scored well in the following areas:

- For its innovative and comprehensive insurance solutions.
- Distinguished quality of products and superior customer service.
- Advanced technology system which links all its operations to the mainframe.
- Great moral approach to corporate social responsibility.

Gulf Insurance Company is the largest insurance company in Kuwait in terms of written and retained premiums, with operations in both life and non-life insurance. Gulf Insurance has become one of the



**Khaled Alsanousi**

largest insurance networks in the Middle East and North Africa, with companies in Saudi Arabia, Jordan, Lebanon, Syria, Egypt, Iraq and Bahrain, Emirates and Kuwait. Its reported consolidated assets stand at \$1.06 billion as at 31st December, 2012.

## EURO-ZONE BUSINESS ACTIVITY STILL SLUMPING: SURVEY

**BRUSSELS:** Private sector business activity remained weak across the Euro zone in April, underscoring a gloomy medium term outlook for the 17 state economy, a widely watched survey showed yesterday. The Markit Euro-zone Composite Purchasing Managers Index registered 46.5 points, the same reading as March and well below the boom and bust line of 50 points indicating growth or recession. It was the 19th time in 20 months that the survey of thousands of Euro zone companies signaled a contraction in the single currency area's economy. Both manufacturing and services sectors posted weak readings, with the powerhouse German economy seeing its first drop since November, while the French downturn eased, the researchers said.

"The survey is signaling a worrying weakness in the economy at the start of the second quarter, with signs

that the downturn is more likely to intensify further in coming months rather than ease," said Markit chief economist Chris Williamson. Although he highlighted cooling inflationary pressures, Williamson added, "The renewed decline in Germany will also raise fears that the region's largest growth engine has moved into reverse, thereby acting as a drag on the region at the same time as particularly steep downturns persist in France, Italy and Spain." Berenberg Bank economist Robert Wood noted that "the successful election of a president in Italy may resolve a little of the uncertainty. But we may be in for a rough few months before recovery takes hold again." At Capital Economics, Ben May agreed that the latest PMI survey "provides another clear sign that a sustained economic recovery is probably still some way off." —AFP