

THE HOME PAGE OF CORPORATE FINANCE

FINANCIAL WEEK

BREAKING NEWS

April 2, 2007

Risk markets fear i-banks can't hack subprime defaults

Credit default spreads for the largest investment banks, or the cost to buy insurance against their bonds, have widened significantly over the past several weeks in response to soaring subprime mortgage defaults, according to Fitch Ratings. That suggests investors are concerned over the banks' ability to contain potential damage to their balance sheets from woes in the U.S. mortgage market. Indeed, Credit Suisse filed lawsuits totaling \$30 million against three subprime lenders last week, aiming to force the lenders to repurchase troubled loans they had originated that the investment bank later packaged into securities. Bear Stearns filed a similar suit for \$70 million recently. Things look to get worse. Moody's Investors Service said that subprime loans originated in 2006 are poised to be the worst-performing in recent history, with between 5.25% and 7.75% of them expected to sour.

SEC's top corporate accountant to exit

Carol A. Stacey (pictured), chief accountant at the Securities and Exchange Commission's division of corporation finance, will leave the regulator to join the SEC Institute Inc., where she will help companies and their advisers stay up to date on SEC requirements. A replacement has not yet been named.

Recruiter numbers: Foreigners need not apply for CFO posts

So much for tapping international talent: Of the 62 CFO placements at Fortune 500 companies through the first half of 2006, only two were executives who were working overseas, reports recruiter Crist Associates. And both were Americans: Oil driller Baker Hughes plucked Peter Ragauss from BP PLC in London and Tyson Foods snagged Wade Micquelson from a Procter & Gamble unit in Europe.

Analysts like say-on-pay bill, not Barney's bill

Seventy-six percent of chartered financial analysts support shareholder proposals demanding shareholder advisory votes on exec compensation, according to a survey by the CFA Institute. Yet 68% of the analysts surveyed do not support mandating such votes through Congress, as House Financial Services Committee chairman Barney Frank is attempting to do.

Richest CFO pensions revealed

Edward E. Whitacer Jr., chairman and CEO of AT&T, Ray R. Irani, head of Occidental Petroleum, and Kenneth Lewis, chairman and president of Bank of America, will reap the biggest lump-sum pension and deferred-compensation packages when they retire, according to a Corporate Library analysis of proxy filings as of March 23. Mr. Whitacre is eligible to get \$158.4 million; Mr. Irani, \$124 million; and Mr. Lewis, \$83 million. The median package for the 485 CEOs studied is \$6.4 million.

IDT brings back CFO who had moved on

IDT Corp. reappointed Stephen R. Brown as CFO and treasurer, returning him to the position he held from 1995 to 2006. Mr. Brown left the CFO post last May to run the firm's entertainment division before engineering its sale to Liberty Media for \$187 million.

URL for this article:

<http://www.financialweek.com/apps/pbcs.dll/article?AID=/20070402/REG/70330030&SearchID=73277033405261>

Reproductions and distribution of the above article are strictly prohibited. To order reprints and/or request permission to use the article in full or partial format please contact our Reprint Sales Manager at (732) 723-0569.

[Home](#) | [Contact Us](#) | [Search](#) | [Editorial Calendar](#) | [Advertise](#)

Crain Financial Group: [Pensions & Investments](#) | [InvestmentNews](#) | [Workforce Management](#)

Copyright ©2007 Crain Communications Inc
All rights reserved. [Privacy Policy](#)