

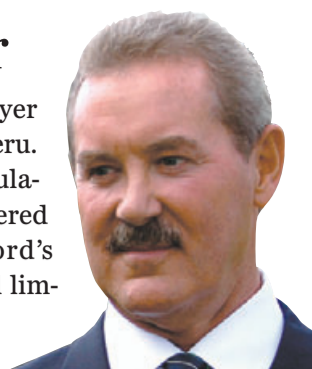
Peruvian investors linked to Stanford could lose US\$100M: lawyer

A lawyer representing about 100 investors from Peru with money tied to **Stanford Financial Group** said yesterday his clients could face losses of up to US\$100-million. Last week, Allen Stanford, right, and three of his companies were charged with fraudulently selling US\$8-billion in high-yield certificates of deposit. Stanford's office in Peru, where the securities regulator has sus-

UNDER INVESTIGATION

pending operations for 30 days, was authorized to work as a broker-dealer, but is under investigation for whether it sold CDs without a licence. It is not clear yet whether it did. "The total amount is estimated to be between US\$50- and US\$100-million — closer to US\$100-mil-

lion," said Jaime Pinto, a lawyer representing investors from Peru. Conasev, Peru's securities regulator, has said it has not uncovered evidence suggesting Stanford's Peru office acted outside legal limits. *Reuters*



GLOBAL CREDIT CRISIS



DUNCAN MAVIN / NATIONAL POST

Canadian yachtsman Cameron Dueck has a day job as a Hong Kong-based financial journalist and his "night shift" is spent drumming up the cash to pay for the four-month voyage through Canada's Arctic.

Canadian's project among many scrambling for funds

Sponsorship sinking for sports and arts

BY DUNCAN MAVIN
in Hong Kong

Canadian yachtsman Cameron Dueck is ready for some tough weather and hard sailing when he leads a four-person crew through the Northwest Passage this summer.

But months before he sets off, Mr. Dueck is already facing bigger challenges than he planned thanks to the global financial crisis. Indeed, the Manitoba native's problems securing finance for his 'Open Passage Expedition' represent just the tip of a global sponsorship crunch for everything from arctic expeditions to major sports events to the arts.

Sponsorship money Mr. Dueck was counting on is "just not there," he said last week in a break between his day job as a Hong Kong-based financial journalist and his 'night shift' spent drumming up the cash to pay for the four-month voyage through Canada's Arctic.

The 35-year old, who grew up on a Mennonite turkey farm and didn't turn to sailing until he moved to Chicago as an adult, has already liquidated his own stock portfolio at deflated values and poured his savings into the 7,000-nautical-mile expedition from Victoria to Halifax. He plans to stop at remote Inuit settlements and talk to native people about how climate change is affecting their lives. The outcome of the hazardous expedition will be a book deal and numerous magazine articles, as well as some radio slots. Mr. Dueck is also very close to signing a multimedia deal with a major international television network and online news site.

But even that publicity has not been enough to capture the corporate dollars for financing of "about what it would cost for a mid-sized SUV. I know I have a compelling project for sponsors because a lot of them will get back to me [and say,] 'If you'd come to us a year earlier, we'd have been really interested.' But they are

all saying they just don't have cash."

It's a similar story in other sectors, especially sports, for which the high-profile sponsorship deals gone awry in recent months include the tie-up between British soccer giants Manchester United and troubled life insurer AIG, and the US\$54-million link-up of Dutch financial services group ING Groep with Formula One motor racing team Renault. Ailing U.S. automaker General Motors has scrapped a US\$7-million deal with Tiger Woods.

According to IEG, a consultancy that has tracked the corporate-sponsorship market since 1984, corporate funding for sports and the arts in North America will grow by the smallest increase on record in 2009.

"The economy has forced many companies to keep a tighter hold on their purse strings, and big-ticket pro sports properties will take the biggest hit," William Chipps of IEG said in a statement this month.

"If you'd come to us a year earlier, we'd have been really interested"

A similar trend is likely in the European sports-sponsorship market, which will fall by 11.3%, or US\$6.3-billion, in 2009 according to a report from Italian sports marketing group StageUp, Reuters reports.

As well as general corporate belt-tightening, the sponsorship market has seen major backers get into deep financial trouble. Billionaire investment manager Allen Stanford, who is facing serious fraud allegations in the United States, has been a key source of funding for international cricket and golf, and his companies' sponsorship efforts also extend to sailing events in the Caribbean. He and Bernard Madoff were also sig-

nificant supporters of the global arts community, with large arts charities among those who lost money through the alleged investment scams run by the two high-profile businessmen.

The worst of the sponsorship slowdown may be yet to come, said an experienced sports marketer in Asia. Some promoters and recipients of sponsorship dollars are "in denial" right now about the declining value of the sports and other events they represent and may only face up to the reality that they will have to get by on less once existing multi-year deals run out, he added.

In Vancouver, there was a better outlook from organizers of the 2010 Winter Olympics, who insisted this month that most of their sponsorship dollars were locked up prior to the global economic downturn. The Games' organizers say that Tier 1 sponsor Nortel Networks Corp. will honour its commitment to the event despite entering bankruptcy protection.

For smaller events such as Mr. Dueck's expedition through Canada's North, the challenging economic environment can mean a lot more time spent trying to get funding and fewer hours working on the voyage itself. The Canadian explorer has recently managed to attract some corporate help, signing a deal with U.S. power company Direct Energy. He has also persuaded several marine-equipment manufacturers to provide their products at discounted prices. In contrast, the yachtsman has had no luck with "just about every big Canadian brand name you can think of," nor has he received cash from traditional sources of expedition funding and research grants, such as government bodies and geographic organizations.

Still, the Manitoban has no intention of delaying his "dream" expedition until sunnier economic times.

"By waiting a year, I think the chances of losing momentum are greater than the chances of more success," he says. "Once you've got momentum, you've got to go."

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SWISS TAR OSPEL WITH ABS BRUSH

FORMER UBS CHIEF

Bank 'left its home country in shambles'

BY ANTONIO LIGI
AND BEN HOLLAND

Bernard Madoff and Allen Stanford could probably go unnoticed in the streets of Zurich. The Swiss are too busy berating Marcel Ospel, who has gone from being Switzerland's most respected banker in 2007 to the most hated.

The former **UBS AG** chairman, rated the most influential Swiss two years ago, has become the public face of the financial crisis. TV comedian Mike Mueller made him the butt of jokes, rapper Gimma sang a satirical song outside his villa and the newspaper *Blick* demanded he repay bonuses. He may get a hostile reception at next week's Basel carnival, a masked march that Mr. Ospel has been joining since he was seven years old.

As Citigroup Inc.'s Vikram Pandit and Fred Goodwin of Royal Bank of Scotland Group PLC endured public grilling from U.S. and U.K. lawmakers, Mr. Ospel was in seclusion in Switzerland. The 59-year-old is the target of outrage after earning more than any other Swiss banker while running up the largest losses. Many Swiss blame him for importing the American financial crisis to Zurich, and would welcome the chance to tell him so.

"I'd like to say to him: 'You've damaged Swiss banking,'" Fredi Sturzenegger, a retired official from a union of bank employees, said as he left the Sternen bratwurst stand, around the corner from Zurich's Kronenhalle, one of Mr. Ospel's favourite restaurants. "His ambition was to be at the top. Today, UBS stands almost at the bottom."

In 2007, Mr. Ospel seemed close to achieving his ambition. That year, the Zurich-based business magazine *Bilanz* placed him atop its annual list of the country's most powerful people.

After creating the world's biggest wealth manager with the US\$19.7-billion merger of Swiss Bank Corp. and Union Bank of Switzerland in 1998, he vowed to turn it into the largest global investment bank. That required a larger presence in the United States.

Mr. Ospel, who worked for Merrill Lynch & Co. from 1984 to 1987, bought New York-based broker Paine Webber Group Inc. for US\$11.5-billion in 2000 and oversaw the purchase of about US\$100-billion of U.S. asset-backed securities (ABS).

By April, 2008, UBS had lost US\$38-billion on those securities, and shareholders applauded when Mr. Ospel stepped down as chairman at the bank's annual meeting. When *Bilanz* published its 2008 list of movers and shakers, Mr. Ospel wasn't on it.

This month, UBS reported a loss of 19.7-billion Swiss francs (US\$16.8-billion) for 2008, the biggest ever by a Swiss company. It also agreed to pay US\$780-million and disclose the names of hundreds of account holders to avoid U.S. prosecution on a charge that

it helped wealthy Americans evade taxes.

One day after the agreement, described by Swiss media as the beginning of the end of bank secrecy, the U.S. sued UBS to force disclosure of as many as 52,000 American customers who allegedly hid their Swiss accounts from tax authorities. That's given the Swiss a new stick to beat the former UBS chief with.

"Ospel and his like have truly failed the country," the Delemont-based newspaper *Le Quotidien Jurassien* said in an editorial on Feb. 20, while *Suedostschweiz* said his efforts to grab market share for UBS in the United States had "left its home country in a shambles."

Mr. Ospel declined to be interviewed for this story.

UBS has posted writedowns in excess of US\$50-billion stemming from the collapse of the subprime-mortgage market, more than any other European bank. The lender's shares have fallen 85% in the past two years.

Mr. Ospel received almost 137-million francs in compensation as CEO and later chairman of UBS from 2000 through 2007. In 2006 alone, he was paid 26.6-million francs in salary and bonus, 66% more than the 16-million francs Walter Kielholz got as chairman of Credit Suisse Group AG.

Before Mr. Ospel, UBS "was truly a Swiss bank, and he made it into a soulless money machine," said Bernhard Bauhofer, founder of Sparring Partners GmbH, which advises businesses on reputation management.

Bloomberg News



MARCEL OSPEL BY THE NUMBERS

UBS LOSSES

\$50B Writedown, in U.S. dollars, stemming from subprime mortgage collapse.

-85% Decline in UBS share price in past two years.

OSPEL'S GAIN

\$26.8M Marcel Ospel's compensation as UBS CEO and later chairman from 2000 through 2007, in U.S. dollars.

\$5.2M Ospel's total compensation in 2006, in U.S. dollars.

+66% Amount by which Ospel's pay exceeded that of CEO of Credit Suisse, Switzerland's second-biggest bank.