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# Ebbers is guilty of $11bn fraud

- Former WorldCom head faces 20 years' jail
- Possible implications for trial of ex-Enron chiefs

By Joshua Chaffin and Kevin Allison in New York

US prosecutors yesterday won a landmark victory in their battle against white-collar crime when Bernie Ebbers, the former WorldCom chief executive, was found guilty of leading an $11bn accounting fraud that pushed the telecommunications group into the largest bankruptcy in US history.

On their eighth day of deliberation, a New York jury convicted Mr Ebbers of securities fraud, conspiracy and seven counts of filing false information with regulators. He faces more than 20 years in prison when he is sentenced in June.

The verdict marked a stunning turn for Mr Ebbers, who rose from humble roots as a basketball coach to assemble one of the largest telecoms companies in the world and become a celebrity of the 1990s stock market boom.

It also marked the most visible success for prosecutors at linking a chief executive to the historic series of accounting and financial scandals that first erupted just over years three ago, bruising investor confidence and ushering in an era of corporate reform.

Alberto Gonzales, the US attorney general, called the result "a triumph" and praised President Bush's corporate fraud task-force.

"We are satisfied the jury saw what we did in this case: that fraud at WorldCom extended from the middle-management levels of this company, all the way to its top executive," Mr Gonzales said.

The trial was closely watched by prosecutors and defence lawyers, in part, because of Mr Ebbers' use of the "ignorance" defence commonly deployed by chief executives in financial frauds.

The WorldCom founder insisted that he was unaware of the criminal activity at the company despite his lofty title and the tens of millions of dollars he received in compensation.

The jury's decision to reject that argument could have implications for the forthcoming trial of Ken Lay and Jeffrey Skilling, former chairman and chief executive respectively at Enron.

Mr Ebbers left the courthouse without comment following the verdict. His lawyer, Reid Weingarten, said: "We continue to believe there's not one chance in the world that he participated in any fraud or cooking of the books at WorldCom."

Mr Weingarten cited the judge's refusal to grant immunity to three former WorldCom employees so that they could testify on his client's behalf as a promising ground for appeal.

The six-week trial charted the rise and fall of WorldCom in the era of telecoms deregulation. With a string of mergers, Mr Ebbers grew the small-town start-up into a global colossus. Its fortunes soured, however, after the internet bubble burst in 2000, and several of its dot.com customers failed.

In the trial's most memorable testimony, Scott Sullivan, WorldCom's former chief financial officer, told jurors that he began to manipulate the accounts in late 2000 to hide mounting expenses and satisfy Wall Street earnings expectations. Mr Sullivan, who has already pleaded guilty, said he had warned Mr Ebbers that the company's accounting was improper, but was repeatedly ordered to "hit the numbers".

"It's a huge win for the government, especially given the surprising dearth of a paper trail," said Charna Sherman, a partner with Squire Sanders & Dempsey.

Judgment day: the verdict on Mr Ebbers (shown leaving court with his wife yesterday), who worked as a bouncer, milkman and basketball coach before telecommunications, is a high point in prosecutors' crackdown on white-collar crime Reuters

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