

BUSINESS & FINANCE

SAC Faces U.S. Probe Of Its Biotech Trading

By JEAN EAGLESHAM
AND JENNY STRASBURG

SAC Capital Advisors LP, one of the most successful hedge funds in the U.S., is a focus of a Securities and Exchange Commission investigation into whether traders used inside information to profit from the \$15 billion takeover of biotechnology firm MedImmune Inc. in 2007, people familiar with the matter say.

It wasn't previously known that SAC, run by star manager Steven A. Cohen, was a focus of the SEC insider-trading probe.

The probe is part of a broad SEC inquiry into trading by various hedge funds, including SAC and its affiliated funds, in stocks connected to some of the biggest health-care deals of the past decade, these people say.

Separately, SAC is facing two other inquiries into its trading activities: by federal prosecutors in New York and by Iowa Sen. Charles Grassley.

Authorities haven't alleged any wrongdoing by either SAC Capital or Mr. Cohen.

"We respond to all regulatory inquiries fully and accurately, and we are confident in our business practices," an SAC spokesman said. An SEC spokesman declined to comment.

The multiple inquiries involving SAC come as the SEC and Justice Department have vowed to crack down on potential insider trading—that they describe as illegal behavior permeating U.S. markets, investment firms, banks and corporations ranging from technology and law firms to consulting firms.

SAC manages nearly \$14 billion in assets, and its rapid-fire trading strategies have made it a valued cli-



Steven A. Cohen

ent for Wall Street banks, which collect millions of dollars in trading commissions from the hedge-fund giant.

MedImmune's takeover by AstraZeneca PLC is one of several big health-care deals the SEC has been investigating for at least 18 months, according to the people familiar with the matter. A spokesman for AstraZeneca, which owns MedImmune, declined to comment.

The Wall Street Journal reported in late 2009 that the SEC had sent dozens of subpoenas to hedge funds and brokerages seeking information in an effort to determine whether deal advisers and traders illegally shared confidential information, according to people with knowledge of the inquiries.

The health-care trades being examined by the SEC involved stock in companies engaged in mergers and acquisitions. When the deals became public, the stocks of the target companies rose sharply.

MedImmune shares jumped 18%

on April 23, 2007, the day its takeover was announced. Trading was heavy before the announcement, driving shares up more than 50% over six weeks, suggesting that rumors of a deal may have reached traders ahead of the announcement.

SAC significantly increased its holdings of MedImmune during the quarter prior to the one in which the deal was announced, according to public filings. SAC increased its holdings from 151,000 shares in the fourth quarter of 2006 to 796,000 shares in first quarter of 2007.

It cut its holdings to 30,000 shares at the end of 2007's second quarter, then reported that it sold the position completely, according to filings.

A division of SAC, CR Intrinsic, held no MedImmune stock in the final quarter of 2006, 950,000 shares in 2007's first quarter, then nothing at the end of the second quarter, the filings show.

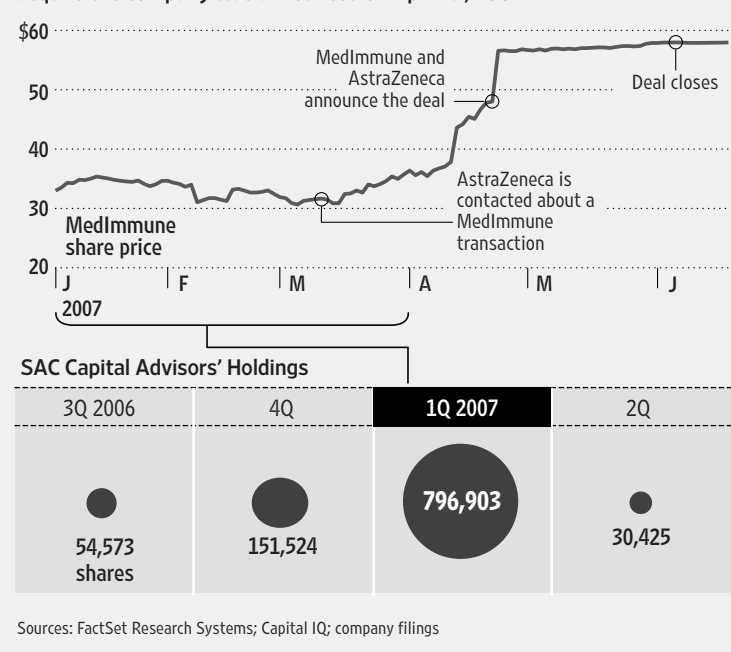
Another SAC division, London-based Walter Capital Management, now called SAC Global Investors, held no MedImmune stock in the final quarter of 2006, then owned 550,000 shares in 2007's first quarter, according to filings. AstraZeneca completed its acquisition of MedImmune in June 2007, just before the second quarter ended.

In the separate criminal investigation, as previously reported, prosecutors in New York are examining trades made in an account overseen by Mr. Cohen—trades that were suggested by two former SAC fund managers who have pleaded guilty to insider trading, according to court documents and people familiar with the matter.

An SAC spokesman has said the firm is cooperating with that investigation. A representative of the U.S.

Timely Transactions

Holdings by SAC in MedImmune shares before and after a deal to acquire the company was announced on April 23, 2007.



Attorney's office in Manhattan declined to comment.

On yet another front, Sen. Grassley is examining roughly 20 instances over the past decade where the Financial Industry Regulatory Authority, a Wall Street self-regulator, suspected that SAC could have traded on inside information. He has said that such congressional probes are aimed at assessing federal agencies' performance, not establishing whether any private firms have broken the law.

Among the trades flagged as suspicious by Finra's surveillance unit—and subsequently referred to the SEC's enforcement unit—were purchases and sales of a number of health-care stocks.

MedImmune wasn't one of them. A Finra representative declined to comment.

Sen. Grassley, the top Republican on the Senate Judiciary Committee, last week wrote a letter to SEC Chairman Mary Schapiro asking for details, by June 7, about how the

agency handled the Finra referrals. Ms. Schapiro, through a spokesman, declined to comment.

A spokeswoman for Sen. Grassley said he received a call from the SEC in response to his letter. "The agency is said to be reviewing the

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request in advance of setting up a meeting with Sen. Grassley's office to discuss the senator's information request," she said.

Mr. Cohen recently had been in discussions to buy a minority stake in the New York Mets baseball team. No deal was struck.

U.S. NEWS

Manufacturing Sees Its Momentum Ebb

By JUSTIN LAHART

The U.S. economy stumbled last month as companies hit the brakes on hiring and production.

A key gauge of manufacturing—while still showing forward momentum—notched its biggest one-month drop since 1984, while a separate report showed private-sector hiring plunged. Taken together with the continuing downdraft in housing and other signs that companies and consumers remain apprehensive about spending, the numbers suggest the economy is rapidly losing speed.

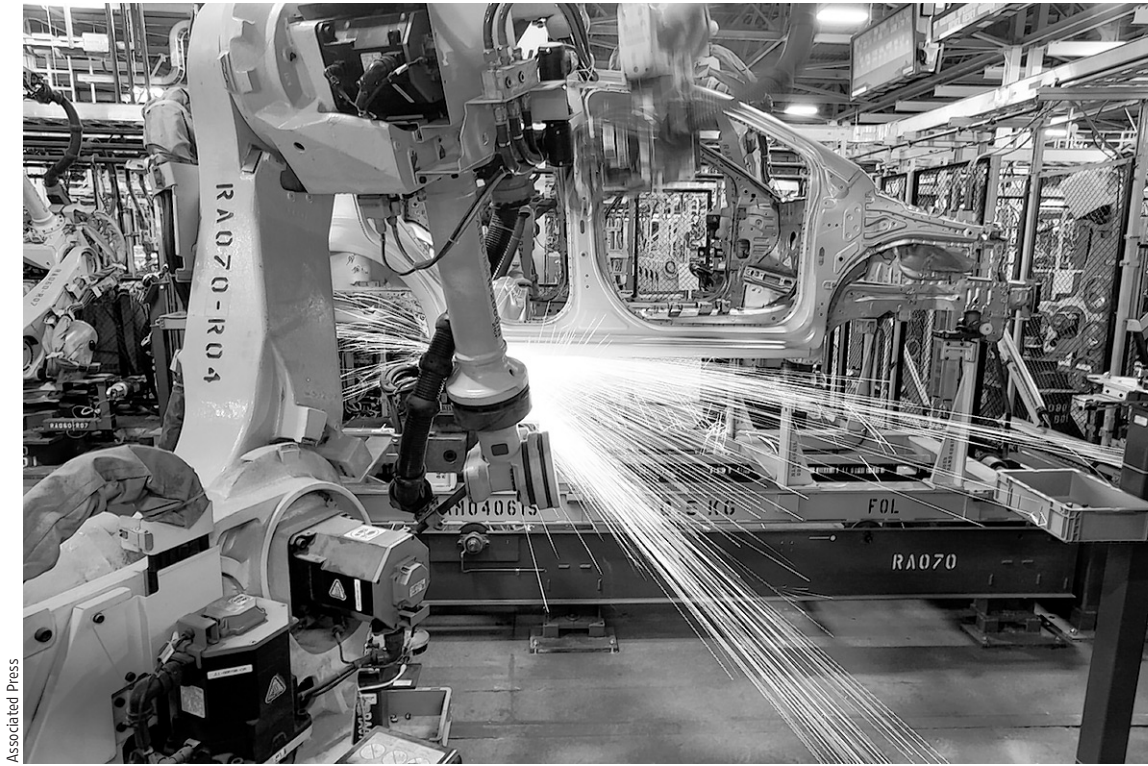
The apparent swoon comes amid a heated debate in Washington, with Republicans insisting on the need for spending cuts to tame the U.S. budget deficit, while Democrats contend that cutting spending now would only hobble the recovery.

House Ways and Means Chairman David Camp (R., Mich.) said Wednesday that concern about the economic slowdown adds impetus to his call for fundamental tax reform.

"It's something everyone is aware of," Mr. Camp said. "It's why we need to focus on things that generate economic growth and activity like fundamental tax reform."

House Minority Whip Steny Hoyer (D., Md.) said a stalled economy could be a political problem for President Barack Obama.

Wednesday's economic reports rattled the stock market. The Dow Jones Industrial Average dropped 279.65 points to 12,290.14, its biggest point drop since June 2010.



Associated Press

To be sure, any slowdown could be short-lived. Economists predict some problems now hampering growth—including supply-chain disruptions caused by Japan's tsunami and soaring gasoline prices—are set to moderate in the months ahead. But with unemployment still high, the housing market moribund, and continuing financial turmoil in Europe, the slowdown could turn into something more ominous.

"It definitely makes me more nervous about the outlook," said Morgan Stanley economist David Greenlaw. "The economy can't withstand much more than a temporary slowing at this point."

The factory sector had been one of the bright points in the recovery. But the Institute for Supply Management's manufacturing index for May, based on a survey of purchasing managers, fell to 53.5 last month

from 60.4 in April.

Any reading over 50 represents growth, but May's level is the lowest since September 2009. Sub-indices of manufacturing orders, production and employment all fell.

Dyke Messinger, chief executive of Power Curbers Inc. in Salisbury, N.C., says he has seen optimism in his industry retreat amid the woes of the U.S. housing sector.

Power Curbers makes machines

Stalling

U.S. purchasing-managers index of manufacturing activity



Robots weld vehicles at a General Motors assembly plant in Michigan.

used to lay curbs and sidewalks and thrived during the boom in construction.

Earlier this year, Mr. Messinger says, he heard from customers who were expecting conditions to start improving in the months ahead—prompting them to consider buying updated machinery.

"But we've seen people's optimism back off," in part because the housing sector has gone into another downturn, Mr. Messinger said.

Power Curbers employs 72 people and has no plans to add anyone. One saving grace: foreign demand has grown, especially in emerging markets.

Romney Kicks Off Race Just As Palin Is Pulling Into Town

By JONATHAN WEISMAN

Former Massachusetts Gov. Mitt Romney will formally launch his presidential bid Thursday in New Hampshire, but his plans are likely to clash with the celebrity of Sarah Palin and Rudy Giuliani, who are expected to converge on the Granite State the same day.

For Mr. Romney, Thursday's launch will be a lesson in presidential campaigning in the celebrity age—especially if Ms. Palin decides to test political orthodoxy by running for the Republican nomination.

Mr. Romney, the putative Republican front-runner for 2012, has worked since his failed bid of 2008 to amass an impressive war chest and a formidable organization, especially in New Hampshire. His announcement Thursday will be on the farm of Doug and Stella Scamman, two fixtures of the New Hampshire Republican establishment who were co-chairmen of Mr. Giuliani's New Hampshire campaign in 2008.

But as Mr. Romney takes the stage to roll out his reasons for another White House run, much of the media will be chasing Ms. Palin, who is expected to arrive in Boston at about the same time, and then roll into the Seacoast area of New Hampshire Thursday evening.

Mr. Giuliani, who tried to turn his celebrity as the former mayor of New York into a GOP nomination in 2008, will be headlining a Republican Party fund-raiser in Dover.

Since his loss in 2008, Mr. Romney has crisscrossed the country to woo donors and amass campaign



Former Massachusetts Gov. Romney speaking last Friday in Des Moines, Iowa.

donations while courting key Republican activists and party leaders in New Hampshire, which will hold the nation's first presidential primary early next year. "He has done as much to keep his political organization intact in New Hampshire as he has to keep his financial organization intact around the country, and that's going to work to his benefit," said David Carney, a Republican strategist in New Hampshire.

On Friday, New Hampshire will host not only a Romney town hall meeting and Ms. Palin and her traveling media entourage, but former Utah Gov. Jon Huntsman, former New Mexico Gov. Gary Johnson and Michigan Rep. Thaddeus McCotter. The three are pondering presidential runs, and all will join a dinner

Romney aides and other Republican strategists say the only way to

win in New Hampshire is to spend time and organize activists there.

Ms. Palin appears to be challenging that wisdom. Her bus tour up the East Coast has garnered massive media attention, even though she hasn't given out an itinerary.

After visits to Washington, D.C., Gettysburg, the Liberty Bell, and New York City, where she dined with Donald Trump, her stop in New Hampshire will send political prognostications to a fevered pitch.

Fergus Cullen, a former New Hampshire Republican Party chairman, said her only previous visit—when she was the GOP's vice presidential nominee in 2008—was the biggest political event the state had seen outside of Barack Obama's appearance with Oprah Winfrey. "She is a formidable political presence," he said. "The normal rules of political gravity don't seem to affect her."

BUSINESS BRIEFS

◆ COMMODITIES

Glencore in Zambia Tax Probe

The European Investment Bank said Wednesday it is investigating tax evasion accusations against commodity trader Glencore International PLC in Zambia, where it is the majority owner of Mopani Copper Mines PLC, and has frozen further funding to the group.

The EIB provided Mopani with a \$50 million loan in 2005 to help fund renovation of the Mufulira copper smelter. The loan is due to be fully repaid by the end of 2016.

However, following accusations of tax evasion by nongovernmental groups and a leaked draft of a Zambian Revenue Authority commissioned pilot audit report that accused the trader of inflating mine costs and of undervaluing its minerals, the EIB said it will now hold its own investigation.

Glencore denied wrongdoing.

Devon Maylie

◆ BANKS

Deutsche Bank Details Plans To Boost Its Core Capital

Deutsche Bank AG on Wednesday detailed how it will cut risk-weighted assets by €90 billion (\$129.5 billion) to target an overall Tier-1 ratio of more than 8% by 2013 in preparation for stiffer international banking

regulations coming into effect, by trimming its trading book as well as activities such as securitizing and correlation trading.

In investor slides, the Frankfurt-based firm's investment banking head, Anshu Jain, said he is "confident" of achieving the €90 billion "mitigation" target by 2013, with limited dependency on asset sales and a marginal impact on earnings.

Katharina Bart

◆ ENGINEERING

Schneider Bids for Telvent

French electrical-engineering and power-management company Schneider Electric SA said Wednesday it plans to buy software company Telvent GIT SA, yet another move in its strategy of specializing in handling and optimizing networks such as electric grids in emerging markets.

Schneider has offered to pay \$40 a share for 100% of Telvent, which is based in Madrid and listed on the Nasdaq. It values Telvent at about €1.4 billion (\$2.01 billion), a 36% premium over the average share price in the last three months, Schneider said.

Inti Landauero and Juan Montes

◆ FINANCIAL SERVICES

AXA Plots Path to Growth

AXA SA on Wednesday promised investors it will cut costs and debt to

improve cash flow and margins, while being selective with businesses in mature markets and increasing its focus on growth in emerging countries.

The detailed plan forms part of AXA's new strategy in the aftermath of the financial crisis and ahead of stricter capital-adequacy requirements due to come into force in the European Union in 2013.

Elena Berton

◆ AIRLINES

Lufthansa, ANA Get Clearance

Deutsche Lufthansa AG and Japan's largest carrier All Nippon Airways Co. Ltd. on Wednesday became the first airlines to receive clearance for Asian-European antitrust immunity, or ATI, but reaping the benefit could take time as Japan recovers from the recent earthquake and tsunami.

The airlines will launch a strategic joint venture at the end of the year on routes between Japan and Europe that will allow them to share revenue, coordinate flight schedules and work together on joint product sales.

Kaveri Niththyananthan

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LEGAL NOTICES

PUBLIC NOTICE

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

KAHRAMAN SADIROGLU, Plaintiff,

- vs -

UNITED NATIONS DEVELOPMENT PROGRAMME,

Defendant.

SUMMONS AND NOTICE

No. 11-cv-0284 (PKC)

SUMMONS IN A CIVIL ACTION

TO: UNITED NATIONS DEVELOPMENT PROGRAMME

ONE UNITED NATIONS PLAZA

NEW YORK, NEW YORK 10017

A LAWSUIT HAS BEEN FILED AGAINST YOU.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the complaint in this action or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorneys, whose names and address are:

Robert C. Senter, Esq.

Edward C. O'Callaghan, Esq.

NIXON PEABODY LLP

437 Madison Avenue

New York, New York 10022

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Date: Jan 14, 2011

/s/ Ruby J. Keilick

Clerk of Court

NOTICE TO UNITED NATIONS DEVELOPMENT PROGRAMME

The foregoing summons is served upon you by publication pursuant to an order of Hon. P. Kevin Castel, a United States District Judge of the Southern District of New York, dated May 9, 2011, and filed with the Complaint and other papers in the office of the Clerk of the Southern District of New York.

This is an action for breach of contract; the relief sought is damages in amount believed to exceed US \$125,000,000, plus interest, costs, and attorneys' fees; and, in case of your failure to appear, judgment may be taken against you in the sum of US \$125,000,000, with interest from January 14, 2011, together with the costs and disbursements of this action.

Date: New York, New York

May 25, 2011

Robert C. Senter

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