



Ebbers Loses High Court Bid to Overturn Conviction (Update1)

By Greg Stohr

March 5 (Bloomberg) -- Former WorldCom Inc. Chief Executive Officer Bernard Ebbers lost a U.S. Supreme Court bid to overturn his conviction for leading an \$11 billion fraud, the largest in the nation's history.

The justices, without comment, today turned away Ebbers's appeal, which centered on the government's refusal to clear the way for three WorldCom employees to testify as defense witnesses by giving them immunity from prosecution. A federal appeals court said the testimony wouldn't have helped Ebbers, who was sentenced to 25 years in prison.

The lower court ruling "` prevented Ebbers from offering crucial evidence in his defense," his lawyers argued in the unsuccessful appeal, filed in Washington.

The rejection preserves a high-profile conviction in the government's corporate fraud crackdown, which began after the 2001 collapse of Enron Corp. WorldCom lost more than \$180 billion in market value before its bankruptcy filing in July 2002.

Ebbers's lead attorney at the Supreme Court, Michael Vatis of Steptoe & Johnson in New York, declined to comment on today's rejection.

Ebbers, 65, is a former milkman and bouncer who built a small Mississippi telephone company into the second-largest U.S. long-distance provider. He is serving his time at a low-security prison in Oakdale, Louisiana, and is scheduled to be released on July 4, 2028, according to the U.S. Bureau of Prisons Web site.

Administration Position

The Bush administration urged the Supreme Court not to hear the appeal, saying the 2nd U.S. Circuit Court of Appeals was correct in setting a high bar for claims that prosecutors should have offered immunity.

"` We are aware of no federal court of appeals decision in the last 25 years that has ordered the government to immunize a defense witness and only a handful of decisions that have even ordered a hearing on the issue," argued U.S. Solicitor General Paul Clement, the administration's top courtroom lawyer.

The appeal also contended that the trial judge improperly told jurors they could convict Ebbers if he "` consciously avoided" learning about the fraud.

A federal jury in New York found Ebbers guilty of conspiracy, securities fraud and seven counts of making false filings to the Securities and Exchange Commission.

The government's star witness at Ebbers's trial, former WorldCom Chief Financial Officer Scott Sullivan, testified that he briefed his boss on efforts to hide costs at WorldCom and inflate revenue. Sullivan pleaded guilty and is serving a five- year prison term.

WorldCom filed the largest bankruptcy in U.S. history in 2002 after Ebbers was ousted as CEO. The company emerged from bankruptcy as MCI Inc. and moved from Clinton, Mississippi, to Ashburn, Virginia. New York-based Verizon Communications Inc. later acquired MCI.