PEOPLE

Hail, David Ruder

There are plenty of reasons why Wall Street is hailing the nomination of Northwestern University law professor **David Ruder** to succeed John Shad as head of the

Northwestern's Ruder: Cautious, maybe, but no pushover

Securities and Exchange Commission. But at the top of almost everyone's list: He's not U.S. Attorney Rudolph Giuliani.

Indeed, the White House had been sending out strong hints that it was looking for an aggressive crimebuster to replace Shad — perhaps even Giuliani, the New York prosecutor who has spearheaded the big-name cases so far. "To some degree Wall Street is glad it wasn't someone like Giuliani," concedes Barbara Thomas, the former SEC commissioner who now heads Bankers Trust's international private banking group. "There was a lot of criticism of the way those handcuffings took place, people hauled off the floor." By contrast, Donald Feuerstein, managing director at Salomon Brothers, describes Ruder, whom he's known for two decades, as "very measured." Other observers speculate that as an academic and an SEC outsider, the securities law specialist will tend to be cautious and make sure that pivotal issues are studied in great detail.

But all that doesn't mean Ruder will go easy on insider trading cases. His supporters point out that it's the SEC's enforcement division that really determines prosecutions. And, as Thomas puts it, "the enforcement division is in gear. [Ruder's] not about to slow it down. He's probably especially sensitive that people will be watching him on that issue." In published interviews, moreover, Ruder himself has already said he believes "the commission's vigorous enforcement program against insider trading must continue."

Why Gene Rotberg left the World Bank

It was an extraordinarily wistful departure for a man not known for his sensitive demeanor. Penning a farewell note to his colleagues after nineteen years at the World Bank, vice president and treasurer **Eugene Rotberg** quoted from a poem by Englishman Robert Bridges:

> "I will not let thee go.
> I hold thee by too many bands.
> Thou sayest farewell, and lo!
> I have thee by the hands,
> and will not let thee go."

While Rotberg may not be ready to let his longtime World Bank friends go, he's clearly in the mood for some new challenges — which just as clearly weren't forthcoming from the $80 billion bank. Despite an ostensibly heady offer by president Barber Conable to draw up a battle plan for tackling the third-world debt crisis, Rotberg chose in May to transfer his considerable reputation and skills to Merrill Lynch.

Why didn't Gene Rotberg take the job of "debt czar" at a time when the World Bank seems poised to play a more pivotal role in the resolution of the five-year-old crisis? Sitting in his spacious corner office amidst packing crates holding years of third-world mementos, Rotberg recalls that he went to Barber Conable last July, soon after the former Republican congressman assumed the helm of the bank. "I told the president that I simply wasn't interested in staying" in the treasurer's job, says Rotberg.

But on May 5, when Conable announced an expanded roster of senior vice presidents as the first step in a major reorganization of the bank, Rotberg wasn't among them. The U.S. slot at the top, that of senior vice president for finance, went to longtime bank operations supremo Ernest Stern. The feisty treasurer was offered a newly created job: cajoling commercial bankers to come along for the ride when the debtor nations came calling for fresh cash — a role very similar to that played by Jacques de Larosière of the International Monetary Fund during the formative stage of the debt crisis. Conable was so confident that he had made the right match for Rotberg that he prematurely announced his acceptance of the position at a news conference.

But Rotberg felt quite differently. The new post of vice president for "financial intermediation," he says, is more of an intellectual conceit than a workable reality: At the present time neither lenders nor borrowers "have given the World Bank the mandate to be a catalyst, a coordinator. To act without a mandate would be quite foolish," he observes. On top of that, reasons Rotberg, without a vote of confidence from the industrial countries in the form of a substantial capital increase, the bank wouldn't have sufficient leverage. Concludes Rotberg: "The bank simply hasn't the mandate or the capacity to address the overall global framework problem" now plaguing the parties to the debt crisis.

Rotberg denies that his motives for leaving were more Machiavellian. At the time of his resignation in mid-May, the Washington rumor mills had it that if the job had carried the extra cachet of a senior vice president title, Rotberg might have stuck around. But he now insists that "it's difficult at this juncture to know what would have made me stay. Offers by investment banking firms were coming with increasing frequency. I can't say whether I would have taken the job if it had been at a more senior level." At any rate, Rotberg now prefers to focus on "the incredible challenge" of drawing up a complex investment risk management matrix for Merrill's global operations — and finding an apartment in the pricey Manhattan real estate market.

Meanwhile, back at the bank, Hans Vergin, Rotberg's longtime deputy, has moved up to become treasurer. But not for long, it seems. Vergin, a German and a 23-year bank veteran, has made it clear that he doesn't feel comfortable in the high-profile treasury seat. So the World Bank is said to be quietly casting around the City of London for a suitable permanent replacement. Why London? Salaries there, the reasoning goes, are far more in line with what the bank can afford to pay to replace someone like Rotberg than the stratospheric sums demanded on Wall Street.

Merrill Lynch's Rotberg: No Machiavellian motives