

A daily e-mail bulletin of Czech wit & wisdom. For your free subscription, write to subscribe@fsfinalword.com

Martin Roman's Yankee-bond problem

ČEZ's share price has fallen by 8.7% since the announcement of Martin Roman's departure as CEO, wiping out Kč 36bn in market capitalization. How much of this is due to investor fears that ČEZ will be the Czech Enron isn't yet clear. Shareholder fraud is difficult to prove in the CR, esp. when no one in any official position wants to do it. But a [Yankee bond](#) issued by ČEZ in 1997 gave jurisdiction to the U.S. SEC and the Dept. of Justice. As CEO, Martin Roman signed [affidavits](#) attesting that ČEZ's [20-F](#) submissions were true and accurate, yet the [20-F form](#) itself omits any mention of related-party transactions with Škoda Holding. If found in violation, ČEZ could be fined millions of dollars and Roman could potentially face up to 20 years in prison. He might be saved by the statute of limitations (the bond was [deregistered](#) on June 6, 2006), but that's something for the prosecutors and lawyers to work out.

Know Prague?
Know it better...
prague.inyourpocket.com



inyourpocket
ESSENTIAL CITY GUIDES