


Zeman sticks it to Goldman Sachs

Miloš Zeman gave new meaning yesterday to the financial term "initial public offering." He called on Zdeněk Bakala to *initially offer* his 44,000 Ostrava-area apartments *to the public* for free. Bakala had been planning the classic kind of IPO, an issue of new shares on the stock market. [CEO Tony Aksich](#) of RPG Byty said in June that the IPO of the real-estate company would probably come within 1-3 years. To prepare for this, RPG issued €400m in bonds, of which an estimated €330m will be used to pay dividends to Bakala and his partners. In Aug., we called this the "[Legal tunneling of OKD byty](#)" and compared it to the way Bakala extracted €1.5bn in dividends from OKD before taking the mining company public. One theory is that Goldman Sachs and JPMorgan gave Bakala favorable terms for the RPG bonds so that they could secure the IPO business. But an IPO now, when miners are losing their jobs and Zeman is hinting at nationalization, would be a flop. Goldman is screwed, but not nearly as much as some of Bakala's miners.

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