Asset Securitization report

The Premier Guide to Asset and Mortgage-Backed Securitization

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WHISPERS

Salmaan Siddiqui, who served as a vice president of fixed-income trading for Arlington, Va.-based investment banking firm **Friedman, Billings Ramsey**, left the company recently to join **Credit Suisse**. His last day at FBR was June 30. Siddiqui, who joined Friedman Billings Ramsey about two years ago, previously worked at **RBC Dain Rauscher** and **JPMorgan & Co.**

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Citigroup maintains hold on top lead manager slot after first half of 2006

Citigroup Global Markets did not have much climbing to do in order to claim first place in the ABS lead manager rankings for the first half of 2006, according to data from Thomson Financial. After placing second in the league tables at the end of the first half of 2005, Citigroup has emerged as the top lead manager so far for 2006.

Duplicating its placement on the lead manager rankings for the first quarter, Citigroup was the only investment bank to snag a double-digit market share of ABS deals. The company underwrote $59 billion of ABS transactions through June 30, 2006, giving it a 10.5% share of the overall market. That amount allowed Citigroup to secure a comfortable lead over second-place finisher Merrill Lynch, which completed $48.8 billion worth of deals. Appearing to go after the big-game transactions, Merrill Lynch acted as lead on 72 issues, the same number of deals that sixth-place finisher Royal Bank of Scotland Group completed. Lehman Brothers, which was first place in the same period last year, lost its leadership position, and

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SALE debuts Asian aircraft ABS

Singapore Aircraft Leasing Enterprise (SALE), provider of financing for over 50 airlines worldwide, wants to position itself as a regional leader in aircraft lease securitizations.

Asia has already seen several future-flow air ticket and cargo receivables transactions. However, despite a sizeable market for aircraft lease ABS in the U.S. and Europe, there has been, to date, no equivalent deals from Asia. SALE wants to rectify this and, if successful, a sizeable asset class could emerge in the next few years.

"Over the next 20 years, it is estimated the aircraft finance business will be worth some $2 trillion, around $100 billion per year," says Robert Martin,

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U.S. CDO market chugs into 2H06

As the U.S. CDO sector rounds the corner into the latter half of 2006, market participants are taking time to reflect on some of the trends — from collateral spreads that continue to grind tighter to the increasing use of synthetics — that continue to mold this market. ABS CDO issuance in the first half of the year ballooned to more than $126 billion, almost double the $64.5 billion reached during the same time period last year, according to data maintained by Thomson Financial.

While the U.S. housing market continued to feed the so-called CDO machine — and vice versa — managers began looking to new strategies in order to increase leverage

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Wachovia forks over $25 million for research dispute

Twenty-eight-month investigation produces charges of conflicts

It has been three years since the Global Research Analyst Settlement was announced, but it appears not every firm on the Street got the message. Wachovia Corp.'s capital markets group just cost the firm a $25 million fine, stemming from charges of research-related conflicts of interest. Similar charges were lobbed against Wachovia by a CDO research analyst nearly one year ago.

The North American Securities Administrators Association (NASAA), comprised of state regulators, announced Wachovia Capital Markets agreed to pay a total of $25 million to settle charges that it essentially failed to build a Chinese wall between its research analysts and investment bankers. Wachovia, according to a statement, admits no wrong doing in the settlement, which was the result of a 28-month investigation. (The global equity research analyst settlement was also driven, in part, by the NASAA.)

The penalties disclosed in the agreement make for a compelling read about behavior at the firm: Wachovia will pay $20 million for failing to supervise its employees in connection with potential conflicts of interest between research and investment banking; it will pay $1.65 million for failing to preserve required books and records; another $3 million in penalties will be used for investor education; and Wachovia agreed to dole out $350,000 to the NASAA to cover the costs associated with the investigation.

Stock analysts aren't expecting the fine to have a detrimental impact on Wachovia's bottom line. The firm earned $1.73 billion in 1Q06.

The settlement agreement makes no specific reference to the Sarbox-related allegations charged against Wachovia by its former senior CDO analyst Arturo Cifuentes. Cifuentes alleged he was let go by the firm after he had been pressured to put out research reports around the same time that Wachovia expected to price deals on which it acted as arranger or underwriter. In his complaint filed with the Occupational Safety and Health Administration (OSHA), which handles whistle-blower complaints, Cifuentes produced e-mails as proof of his claims. Wachovia investment bankers, including Anthony Sciacco and Yu-Ming Wang; two Wachovia salesmen, Russ Andrews and Bo Weatherly; and Brian Lancaster, head of structured product research, were all named in the emails that Cifuentes showed to investigators.

In January, Cifuentes settled his case, separately, with Wachovia for an undisclosed sum. He declined to comment on the NASAA settlement.

Sources familiar with the NASAA investigation hinted that Cifuentes's complaints essentially raised the red flag with state regulators, although the charges and penalties announced were not tied directly to his complaints. Rather, the investigation looked at the firm's broader operating methods and found serious Chinese wall violations there, sources said.

It's unclear if Wachovia faces more investigations, however. Late last year, Cifuentes gave his testimony to the Securities and Exchange Commission, which is separate from NASAA. To date, the SEC has been mum on the topic of its investigation; the NASAA investigation was similarly able to maintain a low profile.

It's not uncommon for various regulators to share information among them, noted Jenice Malecki of Malecki Law in New York, who was Cifuentes's attorney. Malecki said she wasn't surprised about the fines levied against Wachovia by the NASAA.

"They're not the only firm that has been criticized in this regard. But this plays on the significant lack of supervision and lack of physical divides between different areas of the bank," she said. Malecki's firm has represented investment professionals and public investors who are willing to cooperate with regulators in investigations linked to wrongful conduct.

A Wachovia spokeswoman, Christy Phillips, told several news outlets that the bank was pleased to settle.

To date, 12 Wall Street firms have paid out a total of just over $1.2 billion dollars involving research related conflicts. — *Colleen Marie O'Connor*

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billion and a 6.4% market share. That's compared with a number eight ranking during the same time period last year, achieved through seven deals totaling $2.9 billion and a 4.6% share of the market.

Notably, Societe Generale emerged into the top 18 underwriters in the first half, selling seven deals to the market totaling $3.4 billion and a 2.8% market share — earning it a number 13 slot. The French bank did not make it onto the charts during this time period last year. Goldman Sachs fell four places year-over-year in the first half, ranking 14th. The investment bank brought seven deals to market, totaling $3.4 billion and equivalent to a 2.7% market share, compared with six deals that totaled $2.6 billion last year, but earned it a 10th place finish and slightly larger 4.1% hold on the market. — *AP*

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