

IT INFRASTRUCTURE MANAGEMENT WEEK 15 ASSIGNMENT

1.Explain in detail about world com scam.

WorldCom's Fall

- The company began to fall in 1999 with massive lay-offs and the steady decline of its stock price.
- Stock prices for WorldCom were around 60 dollars and dropped to pennies in 2002.
- Business sector mergers were unsuccessful.

Worldcom Ascension

- AT&T monopoly break-up
- CEO Bernie Ebbers repackages leftovers and sells them at a bargain price.
- Broadened services available.
- 75 mergers and acquisitions of smaller companies. • Bought competitor MCI.
- Attempted to buy Sprint in 2000.
- Anti-trust regulations wouldn't allow Sprint acquisition

2. Discuss in about World com Scandal.

Bernard Ebbers was convicted on nine counts of securities fraud and sentenced to 25 years in prison in 2005. Former CFO Scott Sullivan received a five-year jail sentence after pleading guilty and testifying against Ebbers.¹ On Dec. 18, 2019, Ebbers was granted early release from prison for health reasons after serving 14 years of his sentence.

Thanks to debtor-in-possession financing from Citigroup, J.P. Morgan, and G.E. Capital, the company would survive as a going concern when it emerged from bankruptcy in 2003 as MCI—a telecom company WorldCom had acquired in 1997.⁶ However, tens of thousands of workers lost their jobs.

Without admitting liability, Worldcom's former banks, including Citigroup, Bank of America, and J.P. Morgan, would settle lawsuits with creditors for \$6 billion. Of that amount, around \$5 billion went to the firm's bondholders, with the balance going to former shareholders. In a settlement with the Securities and Exchange Commission, the newly formed MCI agreed to pay shareholders and bondholders \$500 million in cash and \$250 million in MCI shares. In Jan. 2006, MCI was acquired by Verizon Communications.

3.What is meant by whistleblowing?

A whistle blower is anyone who has and reports insider knowledge of illegal activities occurring in an organization. Whistle blowers can be employees, suppliers, contractors, clients, or any individual who becomes aware of illegal business activities. Whistle blower, an individual who, without authorization, reveals private or classified information about an organization, usually related to wrongdoing or misconduct. Whistle blowers generally state that such actions are motivated by a commitment to the public interest. Although the term was first used to refer to public servants who made known governmental mismanagement, waste, or corruption, it now covers the activity of any employee or officer of a public or private organization who alerts a wider group to setbacks to their interests as a result of waste, corruption, fraud, or profit seeking.

4.Explain in brief about Tyco International.

Tyco Company was formed in 1960 by Arthur Rosenberg located in Waltham, Massachusetts (McWilliams & Nahavandi, 2006). The company underwent various transformation in its organizational structure where there was a division into three business segments, which consisted of fire protection, electronic and packaging services. The company further broadened its business by incorporating services such as electrical and electronic components, healthcare and specialty products, fire and security services in 1990. In 2002, Tyco international started to acquire companies such as ADT, CIT Group and Raychem (McWilliams & Nahavandi, 2006). This strategy was to broaden their business scope and strengthen their position in the market.

In 1992, an ambitious person known as Kozlowski became the chief executive officer of the company as he rose from being the company's chief financial officer (McWilliams & Nahavandi, 2006). Kozlowski was good financial officer who had a good experience in managing the company's financial records over the past decade. During his period as a chief executive officer, Kozlowski used various techniques in accomplishing a successful merger that lead to the acquisition of a number of companies. Kozlowski's influence in the organization was well known as he picked up his own crony as company's board of directors. Kozlowski influenced further escalated as he was even given the power to choose the firm's corporate governance system (McWilliams & Nahavandi, 2006).

Tyco International has operations in over 100 countries and claims to be the world's largest maker and servicer of electrical and electronic components; the largest designer and maker of undersea telecommunications systems; the larger maker of fire protection systems and electronic security services; the largest maker of specialty valves; and a major player in the disposable medical products, plastics, and adhesives markets. Since 1986, Tyco has claimed over 40 major acquisitions as well as many minor acquisitions.