Moore: State should work to keep Wachovia independent

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RALEIGH, N.C. — North Carolina should be willing to offer Wachovia Corp. incentives to reject a proposed takeover and remain independent, State Treasurer Richard Moore said Wednesday.

Wells Fargo & Co. last month offered about $13 billion – $7 a share – for Wachovia, which was on the brink of collapse amid the nationwide mortgage crisis. Although the offer is better than a bargain-basement deal Citigroup Inc. put together in September to purchase Wachovia, Moore said it's still inadequate.

"I think the company is worth a lot more," he said, noting Wachovia shares traded at $40 a year ago.

Moore, who oversees the state pension fund that owns 3.2 million Wachovia shares, called on other shareholders to vote against the Wells Fargo deal, which he described as "highway robbery." The Charlotte-based bank would be better off on its own, he said.

"Let's at least make sure we've done everything we can to make sure this company doesn't, in essence, disappear," he said.

Wachovia employs about 20,000 people in Charlotte, 2,000 in the Triangle and about 3,600 in Winston-Salem, where Wachovia was headquartered before its merger with First Union.

By remaining independent, Wachovia might be eligible to apply for funds from the $700 billion government bailout of the financial industry, he said.

When struggling automakers lined up for money from the bailout plan, Moore said, he became angry that Wachovia wasn't thrown a similar lifeline before Citigroup and Wells Fargo swooped in to buy it on the cheap.

"If government is going to start picking winners and losers, how come Wachovia was left in musical chairs without the chair?" he said.

Moore said the state should also be willing to step in with its own rescue package in addition...
to any federal money Wachovia might get.

"Are we all really going to sit so quietly and watch 20,000 jobs in Mecklenburg County alone be put on the chopping block?" he said.

Duke University finance professor Campbell Harvey also said many struggling companies are lining up like children in a candy store for federal bailout money.

"It's a pipe dream to think that the government is going to come in and bail (Wachovia) out once a deal is in place with no government assistance," Harvey said. "Everybody wants to grab some candy right now, but it seems extremely unlikely, given that Wachovia's already gone through two deals."

Moore's idea didn't get much traction Wednesday, as Wachovia shareholders gave Wells Fargo Chief Executive John Stumpf a warm reception in Winston-Salem.

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