

Excerpt



Olam CEO Sunny Verghese at a press conference regarding Muddy Waters' report.

Olam hits out as stock sinks in Muddy Waters

[SINGAPORE] On a dramatic day when its finances were labelled a "black hole", commodities supplier Olam International hit back at its accuser yesterday – claiming that he had sneaked into its office incognito and threatening legal action to defend itself.

The fightback came after US short-seller Muddy Waters revealed that it was betting against Olam and a trading halt was put in place between 9am and 3pm. Olam's share price tumbled as much as 11 per cent yesterday, eventually ending 7.5 per cent down, with allegations and counter-allegations still flying around.

Olam, in which Temasek

holds a 16 per cent stake, claims that Muddy Waters and a group of hedge funds are encouraging investors to short its stock.

It was Muddy Waters' founder Carson Block, however, who landed the first blow with a stinging reference to Olam.

"This is not a black box; this is a black hole," Mr Block reportedly said on Monday at the Ira Sohn investment conference in London, a charitable event which sees established European hedge funds among its participants.

He criticised Olam's debt levels and accounting practices. "You should assume we are short on securities of Olam," he said.

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