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Ex-GE exec says was reprimanded on valuation worry

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- * Pressured to keep high book value for investment - suit
- * Complaints dated to 2008 financial crisis
- * Seeks \$10 mln in damages

By Scott Malone

BOSTON, Sept 8 (Reuters) - A former executive sued General Electric Co (GE.N), saying that management of the largest U.S. conglomerate's finance arm unfairly retaliated against him when he raised concerns during the financial crisis about the value of a company in which GE had invested.

The former executive, Edward Gormbley, filed suit on Wednesday against GE, GE Capital and top executives including Chief Executive Jeff Immelt in Connecticut Superior Court, seeking \$10 million in damages.

At issue is the way GE Capital valued Momentive Performance Materials Inc [APOLOP.UL], a maker of silicone and other advanced materials, in which GE owns a stake alongside private equity firm Apollo Management LP [APOLO.UL].

In court papers, Gormbley asserted that GE violated its own policies by recognizing an excessive value on its books for Momentive, even after officials at Apollo had warned GE in 2008 that the Albany, New York-based company's profits were falling in the face of a global downturn.

"The allegations in Mr. Gormbley's complaint are meritless," said GE spokesman Russell Wilkerson, in an e-mail. "At all times, GE Capital correctly accounted for its Momentive investment."

Gormbley's complaints about the valuation came during a year that GE shares lost more than half their value, as the recession pounded demand for the company's products and eroded the value of its investments, prompting much angst among investors, who said they did not have a clear enough window into GE Capital's holdings.

When Gormbley, an assistant vice president at GE Capital who had joined the company in 2000, suggested that the company would need to write down the value of its investment in Momentive, "GE warned Mr. Gormbley to keep quiet and 'get along,'" according to the suit.

GE management stripped Gormbley of his coveted "top talent" performance rating and stopped him from working on new energy investments, instead assigning him to monitor old investments, after his repeated protests that the company had kept too high a value for Momentive on its books, the suit said.

After complaining to his divisional management and Immelt that he had been retaliated against for his concerns, Gormbley resigned from the Fairfield, Connecticut-based company in September 2009.

A spokesman for Apollo, which was not named as a defendant, did not immediately respond to a call seeking comment.

The case is Edward Gormbley v. GE, Connecticut Superior Court, No. 10-6006588. (Reporting by Scott Malone, editing by Gerald E. McCormick)

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