

By Antonio Ligi and Ben Holland



Feb. 24 (Bloomberg) -- [Bernard Madoff](#) and [R. Allen Stanford](#) could probably go unnoticed in the streets of Zurich. The Swiss are too busy berating Marcel Ospel, who has gone from being Switzerland's most respected banker in 2007 to the most hated.

The former [UBS AG](#) chairman, rated the most influential Swiss two years ago, has become the public face of the financial crisis. Television comedian Mike Mueller made him the butt of jokes, rapper [Gimme](#) sang a satirical song outside his villa and the newspaper [Blick](#) demanded he repay bonuses. He may get a hostile reception at next week's Basel carnival, a masked march that Ospel has been joining since he was 7 years old.

As Citigroup Inc.'s [Vikram Pandit](#) and [Fred Goodwin](#) of Royal Bank of Scotland Group Plc endured public grilling from U.S. and U.K. lawmakers, Ospel was in seclusion in Switzerland. The 59-year-old is the target of outrage after earning more than any other Swiss banker while running up the largest losses. Many Swiss blame Ospel for importing the American financial crisis to Zurich, and would welcome the chance to tell him so.

"I'd like to say to him: 'You've damaged Swiss banking,'" Fredi Sturzenegger, a retired official from a union of bank employees, said as he left the Sternen bratwurst stand -- around the corner from Zurich's [Kronenhalle](#), one of Ospel's favorite restaurants. "His ambition was to be at the top. Today, UBS stands almost at the bottom."

In 2007, Ospel seemed close to achieving his ambition. That year, the Zurich-based business magazine [Bilanz](#) placed him atop its annual list of the country's most powerful people.

Expanded UBS

After creating the world's biggest wealth manager with the \$19.7 billion merger of [Swiss Bank Corp.](#) and Union Bank of Switzerland in 1998, he vowed to turn it into the largest global investment bank. That required a larger presence in the U.S.

Ospel, who worked for Merrill Lynch & Co. from 1984 to 1987, bought New York-based broker Paine Webber Group Inc. for \$11.5 billion in 2000 and oversaw the purchase of about \$100 billion of U.S. asset-backed securities.

By April 2008, UBS had [lost](#) \$38 billion on those securities, and shareholders applauded when Ospel stepped down as chairman at the bank's annual meeting. When Bilanz published its 2008 list of movers and shakers, Ospel wasn't on it.

This month, UBS reported a loss of 19.7 billion Swiss francs (\$16.8 billion) for 2008, the biggest ever by a Swiss company. It also agreed to pay \$780 million and disclose the names of hundreds of account holders to avoid U.S. prosecution on a charge that it helped wealthy Americans evade taxes.

Swiss Secrecy

One day after the agreement, described by Swiss media as the beginning of the end of bank secrecy, the U.S. sued UBS to force disclosure of as many as 52,000 American customers who allegedly hid their Swiss accounts from tax authorities. That's given the Swiss a new stick to beat the former UBS chief with.

"Ospel and his like have truly failed the country," the Delemont-based newspaper *Le Quotidien Jurassien* said in an editorial on Feb. 20, while *Suedostschweiz* said Ospel's efforts to grab market share for UBS in the U.S. had "left its home country in a shambles."

"Ospel's fall was so steep because he'd risen so high," said [Dirk Schuetz](#), Bilanz's editor and author of a 2007 biography of Ospel, "The Master of UBS." "This is a stigma he'll have for the rest of his life."

Ospel declined to be interviewed for this story. His spokesman, [Joerg Denzler](#), said the former banker has "become a private person" since he left UBS.

Stock Collapses

UBS has [posted](#) writedowns in excess of \$50 billion stemming from the collapse of the subprime mortgage market, more than any other European bank. The lender's shares have fallen 85 percent in the past two years, almost double the drop for the benchmark Swiss Market Index.

Ospel received almost 137 million francs in compensation as CEO and later chairman of UBS from 2000 through 2007. In 2006 alone, Ospel was paid 26.6 million francs in salary and bonus, 66 percent more than the 16 million francs [Walter Kielholz](#) got as chairman of Credit Suisse Group AG, Switzerland's second-biggest bank.

Paychecks on this scale and bets on U.S. markets were anathema to the traditions of Swiss banking, fueling anger as losses mounted, says [Bernhard Bauhofer](#), founder of Wollerau-based Sparring Partners GmbH, which advises businesses on reputation management.

'Soulless Money Machine'

Before Ospel, UBS "was truly a Swiss bank, and he made it into a soulless money machine," he said. "The [Americanization](#) of UBS went very, very fast and that was certainly both Ospel's responsibility and his legacy."

Switzerland's tabloid press criticized Ospel for dancing while UBS shareholders got [burned](#), waltzing with his third wife at the Vienna State Opera Ball on Jan. 31, 2008, a day after the bank wrote down \$14 billion in mortgage holdings.

"Ospel never reflected on his failure, and that makes it hard to empathize with him," said [Andreas Gross](#), a Social Democrat lawmaker in the lower house of parliament. "He's a megalomaniac, one of the least-liked people in Switzerland."

Showing up on March 2 at the more than 600-year-old Basel carnival, even behind a mask, would be Ospel's most public appearance since he [left](#) UBS.

Denzler, Ospel's spokesman, wouldn't say whether the former banker will appear. The group he usually marches with, the Revolutionaries, debated asking him to stay away, the weekly *SonntagsZeitung* reported Feb. 1.

Target of Satire

That isn't true, said Beat Heydrich, head of the group.

"By all means" Ospel plans to take part, though he may be the target of satire, Heydrich said.

Performers "will certainly allude to UBS and Ospel," he said. "They make fun of people who have done something special. We expect that. He's been a target in good and bad times."

He and other bankers have been lambasted for losing touch with financial reality. A [sketch](#) on the comedy show *Punkt CH* portrayed Ospel buying a newspaper at a street stall. Told the price was "two-fifty," he whipped out 250,000 francs.

The resentment intensified as taxpayers were asked to foot part of the [bill](#) for UBS's losses. In October, the government agreed to a 6 billion-franc capital injection to stabilize UBS, while the central bank helped finance a \$39.1 billion fund to take on its toxic assets. The bailout pushed the federal budget into a deficit of 3.6 billion francs, or 5.3 percent of spending.

Ospel "created the whole mess and then disappeared, and others have to clean up," Georg Naef, 68, a retired kiln designer, said as he strolled along Bahnhofstrasse, Zurich's main shopping street.

'Tragic Figure'

It's not fair to make Ospel the only scapegoat for the UBS meltdown, said [Wolfgang Matejka](#), who oversees about \$3 billion as chief investment officer at Vienna-based Meinel Bank AG.

"Ospel is more tragic figure in a Greek myth than sole culprit," he said.

Still, he became the main target for the Swiss media and public. In October, *Blick* started a drive to get Ospel to return some of his earnings, publishing a headline that demanded: "Mr. Ospel, pay back your bonuses."

At the height of that campaign, rapper [Gimma](#) improvised a concert outside Ospel's villa, performing a song called "Life Sucks." Gimma ended his performance by leaving 60 francs, a supermarket voucher and two cans of beer in front of the house.

“We wanted to show him that giving back bonuses wasn’t the end of the world, as he lives in a very nice [villa](#),” said the singer, whose real name is Gian-Marco Schmid.

Bonus Repaid

The crusade succeeded: In November, Ospel said he would return more than 22 million francs. UBS recouped about 70 million francs from former executives, Chairman [Peter Kurer](#) announced Nov. 27, without saying how much came from Ospel.

It wasn’t enough to defuse the wrath. Tages-Anzeiger newspaper reported Jan. 10 that Ospel was driven out of the Kronenhalle after guests greeted his arrival by banging on their tables in disapproval. Denzler said no such incident occurred. The restaurant’s management declined to comment.

“There is anger among a large part of the population,” said [Felix Rudolf von Rohr](#), who worked with Ospel at Swiss Bank Corp. about 30 years ago and now heads a committee that organizes Fasnacht, the three-day Basel carnival. “It’s only natural that it’s also directed at Ospel.”

-- With reporting by Joseph Heaven in Wollerau, Simone Meier in Frankfurt, Warren Giles in Geneva, Eric Burg in London, and Paul Verschuur, Elena Logutenkova and Daniela Silberstein in Zurich. Editors: [Christian Baumgaertel](#), [Steve Bailey](#).

To contact the reporters on this story: Antonio Ligi in Zurich at aligi@bloomberg.net. Ben Holland in Istanbul at bholland1@bloomberg.net.

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