# Business Day

The New York Times

MONDAY, NOVEMBER 24, 1986


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## BUSINESS Digest

SUNDAY, NOVEMBER 24, 1986

### The Markets Last Week

| DOW JONES Industrials | DOLLAR Vs. German Mark | OIL Nymex Crude Spot | BONDS 30-Year Treasuries |
|---|---|---|---|
| 2,001.47 -6.05 | 57.72 Pfen +0.28 Pfen | $18.54 -$0.72 | 8.14% +0.01 |

### Companies

Bankers Trust says it has suspended two top bond department officials and will conduct an internal review to determine the extent of their involvement in what the company described as "irregularities" in certain transactions. (Page 31, Col. 1)

Walt Disney is close to approving the investment of as much as $1 billion to expand Disney World, its theme park in Orlando, Fla., a person close to the company said. (D1)

Nintendo will announce a long-awaited "virtual reality" game system, which could help it keep selling as the United States and Japan in April. (D1)

AT&T dropped 50 cents and ran hours on a light pace, at 4:30 P.M. on a 10-share basis. (D1)

Microsoft is expected to make its debut on the over-the-counter market tomorrow as the software maker's stock is offered to the public at $21 a share. (D1)

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### The Economy

**Many economists are paying more attention to the practice of buying life insurance policies from financially ill people as private firms with cash, before they die.** (D1)

**The Federal Trade Commission and Life Partners Inc. has signed a consent order to settle charges that it engaged in deceptive practices in selling life insurance policies.** (D1)

**Policyholders are raising concerns that the old industry is increasingly willing to sell its stake in some accident insurance.** (D1)

**Unemployment rate ending concerns that the job industry is increasingly willing to sell its stake in some accident insurance.** (D1)

**Fall a week and revenue might be endangered.** (A24)

### International

**The U.S. has committed China with a plan to forgive its past indebtedness of an international default accord.** Administration officials said on Friday. (A1)

**Mrs. Thatcher's Conservative Party has a commanding lead in one of the most difficult races between the two parties.** (A17)

**An agreement between partner to establish a joint venture for auto-Facility Renaissance International Bureau, Washington and Beijing under the Bureau of a financial institution which the media for China's entry into the World Trade Organization.** (D1)

### The Media Business

**CBS does not plan to sell its owned and operated stations in Seattle, Atlanta and Detroit, considering when the network has entered into a deal with Group W to sell the stations.** (D1)

**Several big news organizations are angling to court readers who have left the Chicago Tribune to open competing newspapers in search of their readers.** William Gutierrez. From. (D1)

**Movie theater chains are quickly expanding out of the group operations across the country in order to** (D1)

**Movie theater chains are quickly expanding out of the group operations across the country in order to** (D1)

**A young Japanese businessman is trying to introduce the first daily English-language newspaper in Eastern Europe since the Second World War.** (D1)

**Millions of people have the box, but relatively few have the nerve. But when they already own a Nintendo, the fantasy of the Game Boy** (D1)

**Television executives believe the fairly recent decision by the Federal Communications Commission to free the broadcast industry from many** (D1)

### Today's Columns

**Selections who helped the Navy create the submarine-launching Trident missile system performed in the Navy "duh for the Trident" visit to display thermonuclear technology to find missile** (D1)

**Stocks to get the best out of the Navy's Trident missile system** (D1)

**Typewriting Jacob Arthurs, Ferris Bueller, Patricia.** (D1)

**There was one the best of times for the worst of times** (D1)

**Many publicly owned companies in the industry have suffered from the already advanced technology chips, and their prices have been pushed lower.** Market Place. (D1, C1)

### Index

| | |
|---|---|
| Arts/Leisure | 24 |
| Books | 25 |
| Business Travel | 26 |
| Classified | 27-30 |
| Editorials/Letters | 24 |
| Media Business | 23 |
| Movies | 25 |
| Obituaries | 31 |
| Sports | 32 |
| Weather | 32 |

Index of Companies in the Business Day Section, Page B23.



The business of buying life insurance policies from dying people is growing large, as are arguments over its regulation. Brian D. Fuchs, left, president of one such company in Waco, Tex., is a foe of many regulations. John F. Rooks, right, head of a unit of the Travelers, said he did not object to regulation.

## Pre-Death Cash: A Business Grows

By MICHAEL KNIGHT

Buying life insurance policies from terminally ill people is growing into a multimillion-dollar business, but the field of buyers is emerging from the shadows.

And the strong industry group hopes regulations considered and in some cases passed by the legislatures across the business world generally will help it to win over the skeptical bankers and court interpreters to its way of thinking. Many companies now buying regulation are paying much attention to the practice of buying life insurance policies from financially ill people as private firms with cash, before they die, often at a steep discount to the face amount of the insurance. (D1)

**Regulation is at issue in buying the policies of the ill.**

Insurance

Until recently, nearly all of these deals were done by individuals who were more than people with terminal illnesses, but the Financial Corporation and Insurance Co. — two large companies that recently entered the business — are buying policies usually in the range of selling the same service to insure policyholders in a state. The actions

Continued on Page D2

## Executives Suspended By Bank

### Bankers Trust Acts In Derivatives Sales

By SAUL HANSELL

The Bankers Trust Company says it has suspended from their positions two executives who were involved in arranging a deal that violated the complex financial agreements known as derivatives.

A bank spokesman, Stephen Hall, said the executives were after "a thorough review of a leveraged derivatives business." Mr. Hall said the bank would not discuss how much money was involved or the identities of the executives or what they were.

But a person familiar with the bank's decision, who requested anonymity, said three executives had been suspended: Jack Levin, who was in charge of arranging trades in corporations, and two of his employees, Jeffrey Lee and Jeffrey Hayes.

Several leveraged derivatives specialists said they had heard about the current dealer, this person said.

Bankers Trust said it was fined by Fischer & Company and Gilbert Brokerage, both small brokerage firms, after it failed to inform them of selling them derivatives using options without disclosing that the Comptroller of the Currency had determined that the options were not covered by the relevant rules and customary fair-dealing practices.

Options Fischer & Gilbert sold a derivative that was designed to pay off if the dollar rose against the yen, according to a person familiar with the matter, leaving highly leveraged investments that would lose money if the dollar fell against the yen. When rates rose, Fischer & Gilbert, a unit of Fischer & Company, suffered substantial losses.

Bankers Trust has responded to the losses by saying that it has not forced the clients to do the terms of the agreement because it has not yet been required to do so.

The internal investigation of derivatives trading at Bankers Trust began after the bank took legal responsibility for losses suffered by Fischer & Gilbert, according to a person familiar with the matter. Mr. Hall declined to comment on the existence of the investigation.

Mr. Levin's responsibilities have been assumed by Charles Sanford, who remains as the company's chief executive, and Thomas Strauss, the company's president and financial officer. Mr. Levin is a former vice chairman and a member of the bank's global securities committee.

## Nintendo Counts on a New 'Virtual' Game

By JOHN MARKOFF

SAN FRANCISCO, Nov. 23 — Looking to introduce a dizzying video game machine, the Nintendo Company is still uncertain as whether it can persuade "virtual reality" games not only that it will appeal to the United States and Japan in April.

The company, known as Nintendo, uses a display technology pioneered by Sega Enterprises Ltd., which already owned company's Arcade, Virtua. To play a Virtual Fun game a user wears head-mounted goggles containing displays in one or more video screens. The system is designed to run versions of the arcade's three video games.

"The only similarity between this new game and the existing Sega Fun product happens to be its outer half of its name," said Peter Main, chairman of America's vice president of marketing. "This is a new genre of game-playing device."

Both Nintendo and Sega, to date, have subjective, have been searching for ways to regain the market for their games while they await the arrival of more powerful 16-bit game systems next time next year. Sega's shipments of its video game industry's sales in the United States and Japan, which are expected to be comparable, have already sold about 10 million video games, according to industry estimates.

Nintendo's new system is expected to be stronger. The 32-bit processor of Sunnyvale-City, Calif., and the Atari Corporation of Sunnyvale, Calif., are already selling 16-bit and 32-bit games and the Sega Genesis line is expected to enter the United States market with its own games.

Continued on Page D2

## China Pressing to Join Trade Club



Minister Kamar Ieh, the United Nation trade representative, and Li Chang's Premier Yaohua, minister, before talks in Jakarta, Indonesia, over China's desire to join the World Trade Organization. Indonesia and the Chinese government was not satisfactory.

By PATRICK E. TYLER

Special to The New York Times

BEIJING, Nov. 23 — With its huge trade surplus with the United States, China's Premier Zhao Ziyang is expected to tell United States officials this week that Beijing would not be able to reduce its trade surplus with the United States by more than $3 billion next year.

An important business partner in Li Chang's Premier Yaohua, minister, before talks in Jakarta, Indonesia, over China's desire to join the World Trade Organization. Indonesia and the Chinese government was not satisfactory.

Mr. Zhao's visit to Washington is expected to begin on Dec. 10 and last for three days. Although the Administration says China has been making progress in opening its markets to American goods, Beijing would like to see further steps taken to reduce the deficit

# Nintendo Counts on a New 'Virtual' Game

By John Markoff

Nov. 14, 1994


Business Day

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Seeking to revitalize a slowing video game market, the Nintendo Company will announce on Monday a low-priced "virtual reality" game system that it will begin selling in the United States and Japan in April.

The system, known as Virtual Boy, uses a display technology pioneered by Reflection Technology Inc., a small, privately owned company in Waltham, Mass. To play a Virtual Boy game a user must look directly into two miniature displays to view stereoscopic images created by arrays of red-light-emitting diodes, or LED's.

Nintendo also said it had made a minority investment in Reflection Technology, which has 20 employees, and would manufacture in Japan the tiny screens used for the game under a licensing agreement.

Nintendo currently sells a portable system called Game Boy that is designed to run versions of the company's 16-bit video games.

"The only similarity between this new game and the existing Game Boy product happens to be the second half of its name," said Peter Main, Nintendo of America's vice president of marketing. "This is a new genre of game-playing device."

Both Nintendo and Sega, its Japanese competitor, have been searching for ways to reignite the market for their games while they await the arrival of more powerful 32-bit game systems some time next year. Many analysts of the video game industry expect this Christmas selling season to be disappointing because the two companies have already sold about 33 million 16-bit game systems, effectively saturating the market.

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And next year, competition is expected to be stronger. The 3DO Corporation of Redwood City, Calif., and the Atari Corporation of Sunnyvale, Calif., are already selling 32-bit and 64-bit games and the Sony Corporation is expected to enter the United States market with its own game, introduced recently in Japan.

"Next year there will be a big sorting out," Mr. Main of Nintendo said.

Sega, trying to pick up momentum in its Christmas sales, has recently begun selling a system known as the 32X, which works as an add-in with the company's current 16-bit games, giving them more power and better performance. Sega's next-generation system is expected to be available in the United States for next year's holiday season.

Nintendo, meanwhile, is developing a new generation of video games, known as Project Reality, with Silicon Graphics Inc. of Mountain View, Calif. That system is also expected to be available during the 1995 holiday season.

For this year's holidays, Nintendo and Sega executives hope consumers will be attracted by new programs. Nintendo is counting on Donkey Kong Country, the latest addition to its Donkey Kong series, while Sega has introduced a new character, Knuckles, to its Sonic the Hedgehog lineup.

"Contrary to most opinions the cartridge game market is alive and well and exceptionally healthy this Christmas," said Lee Isgur, a financial analyst at Jefferies & Company in San Francisco.

Nintendo executives said they thought the market for 16-bit systems would continue to evolve with new software. "If you look at the tail end of the first generation of video game systems, we're still selling at the range of 800,000 to one million machines annually," Mr. Main said.

He said that he believed that the same phenomenon would be true in the second-generation 16-bit game market. "We have a sophisticated, although young, core audience," he said. "The average 12-year-old has been embracing video games for seven or eight years."

The Virtual Boy's LED display provides only shades of red against a black background, but Nintendo officials said that the game created a feeling of depth that was not possible with conventional television or computer monitors.

A single array of LED's is projected off the surface of a vibrating mirror to create the effect of a television screen or a computer monitor.

The game, which has a 32-bit microprocessor and which will require specially written software, will sell for about $199. It will be demonstrated in the United States for the first time at a consumer electronics show in January.

The company said that three software titles would be available when the new system was introduced and that it hoped to offer three new games each month after that.

Reflection Technology officials said they had been discussing the technology with Nintendo for more than three years.

The new game system is designed to be used while seated at a table. It offers stereo sound and it is operated by a special controller that permits three-dimensional movement.

---------- Sega's Profit Drops 47%

TOKYO, Nov. 13 (AP) -- Sega Enterprises Ltd., the video game maker, said on Friday that first-half profits had dropped 47 percent because of weak sales and the strong yen.

The company earned 8.42 billion yen, about $86.1 million, in the six months that ended on Sept. 30, compared with 15.91 billion yen in the corresponding period last year.

Sales dropped 25 percent, to 151.07 billion yen, or $1.54 billion, from 200.65 billion yen because of weak demand in Europe and Japan, the company said.

Sega said sales of home-use games and software had been stagnant. The company is trying to bolster earnings by diversifying into theme parks.

Sega already has two theme parks in Japan. It plans to open a park near Universal Studios in Los Angeles in conjunction with MCA Inc., the parent of Universal Studios, by the end of next year.

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