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Migrating South

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Brent Foster, former high school and college classmate of former WorldCom CEO Bernie Ebbers.

The WorldCom sales executive was crouched over his desk, fingering his forehead and sweating at the thought of CEO Bernie Ebbers finding out he had sold company stock earlier in the week. It was Friday and he was hopeful that Ebbers hadn't noticed. He knew that Ebbers, a telecom mogul who rarely used e-mail or a cell phone and responded primarily via handwritten faxes and landline phones, requested daily printouts of stock activity and spent hours scouring the names of shareholders who exercised options or sold shares. He had heard stories of Ebbers' wrath descending

on disloyal employees, and everyone knew that selling company stock was a capital offense. Nobody wanted to be on "Bernie's List." But he and Ebbers were "best buds," as others described them, often dining out with their significant others, so he was hopeful that he would be spared.

Shortly before lunchtime on that crisp October day in 2000, Ebbers, a rugged-looking cowpoke with a neat, white beard and piercing blue eyes, dressed in a leather vest and faded Levis and chewing a cigar, knocked on the executive's door and invited him to lunch. Though startled, he readily agreed. He was relieved as he climbed into Ebbers' SUV, convinced he was still in the CEO's good graces. While they gnawed on barbequed ribs at one of Ebbers' favorite nearby haunts, not a word was mentioned about the stock transaction. They talked weather. They talked business. They talked sports, mostly discussing the Jackson Bandits, Ebbers' minor-league hockey team, and the Major League Baseball playoffs. They wondered, would the Atlanta Braves win the division title this year? (The executive recalled that the New York Yankees would later win their twenty-sixth world championship title after beating the crosstown rival Mets 4–2 in Game 5 of the World Series at Shea Stadium.)

Arriving at the executive's office door following lunch, Ebbers slapped him on the back with his turquoise-jewelry clad hand before swaggering down the hall. For a split second, the executive fixated on the Cuban heels of Ebbers' trademark alligator boots. Without going in, he knew. Inside, his computer had been removed, his personal belongings had been stuffed in boxes, and a security guard was waiting to escort him to his car. He had been fired.

Ebbers was an unlikely choice to run a company that many people say never should have happened. But oddities defined the sinewy CEO who had been a milkman, bartender, bar bouncer, car salesman, truck driver, motel manager,

garment factory foreman, and high school basketball coach before heading what would become the most feared telecom company in the world.

Born Bernard J. Ebbers on August 27, 1941, he was the second of five children in a working-class, devotedly religious family in Edmonton, Alberta. He grew up in relative poverty, where assuming debt often was the only way to acquire creature comforts. His dad, John Ebbers, a traveling salesman, mostly peddled hardware and tires. "Our work ethic came from our father," said his brother, Jim Ebbers. "Dad was always a hard worker. Dad always provided for us very well . . . and gave us what we needed, like a million other people out there. We were an ordinary family." Brent Foster, a former classmate of Ebbers, described the family as "a class act." "Bernie's mom and dad are just kind, thoughtful people," said Foster. "They bank a lot on their religion. They're the kind of people you like to hang around."

After Ebbers completed the first grade, the family moved to California. Four years later, the family set up camp at a mission post on a Navajo Indian reservation just outside Gallup, New Mexico, where the elder Ebbers was a business manager and the Ebbers siblings amused themselves by playing cards. "We didn't have much," Ebbers told Thomas J. Neff and James M. Citrin in *Lessons from the Top*. "If my dad had a few dollars left in his pocket at the end of the month, we would go out and eat hamburgers as a family. I remember the most exciting Christmas for me was the year my sister received a deck of 'Old Maid' cards and I received a deck of 'Animal Rummy' cards. I don't know if that fueled a passion. My father and my brothers and I are fairly competitive, driven people. Maybe it's genetics."

Five years later, the Ebbers family returned to Edmonton, Alberta, an oil and gas town situated in the North Saskatchewan Valley and framed by the picture-perfect Canadian Rockies. Originally, the community had been populated by

several Indian tribes—Blackfoot, Peigan, Blood, Sarcee, Slavey, Cree, Chipewyan, and Beaver. In the 1880s, Europeans migrated to the region, and French and English-speaking pioneers from Eastern Canada began to outnumber the Indians. Until settlers farmed wheat, the primary industry revolved around Hudson's Bay Company and North West Company trading posts, which competed for beaver pelts until the companies merged in 1821. By 1890, the railway defined Alberta.

A boomtown with plentiful opportunities, Edmonton evolved into a clean and cosmopolitan, yet unglamorous and cold, metropolis of about a million people. Known as the City of Champions, it was home to four-time Stanley Cup winner Wayne Gretzky's Oilers in the 1980s. Alberta's centerpiece and top tourist attraction is the West Edmonton Mall, the world's largest entertainment and shopping center—it spans the equivalent of 48 city blocks.

With a strong religious right-wing element permeating the free enterprise system, the work ethic in Edmonton was based on the oil patch creed: People who worked hard without complaint did not need higher education. In time, they could become wealthy. Ironically, Ebbers' home province became the first in Canada to convert to digital switching and to provide individual telephone line service to every resident. Alberta was also the first region in North America to integrate high-speed cable modem technology. David Staples, a business reporter for *Edmonton Journal* said, "To leave here at a time of such opportunity, Bernie must have really loved Mississippi, the religious feel down there."

At six-foot-four, Ebbers played basketball at Victoria Composite High School in downtown Edmonton, where he was a forward on a basketball team coached by John Baker. "If it wasn't for Bernie, I probably would've started," said Foster, a second-string forward who first met Ebbers during a snowstorm, when he stopped to give Ebbers and his sister a ride to

school. "The reality is, his talent was far superior to mine. We had a pretty big team, including a six-foot-eight center, Doug Krentz, and we won a city championship during the late 1950s. No egos, good coaching. We were a tight-knit bunch of guys who had a good time."

After high school, Ebbers struggled for a while. He juggled part-time jobs during two brief college stints. Stringent science courses doomed him at the University of Alberta, where physical education was his chosen course of study. He had no better luck at Calvin College in Grand Rapids, Michigan, where some professors viewed him as a slacker. "Bernie was a bright light," said Foster. "There's no question about that. It's just that we weren't applying ourselves. Let's face it. He got into the University of Alberta, so he obviously had the marks . . . probably in the top 20 percent of his class." After the Calvin College debacle, Ebbers returned to Edmonton briefly, where he delivered bread and milk and worked as a bouncer.

Baker and Foster unwittingly played pivotal roles in Ebbers' next move. On a trip to Seattle, Foster tagged along with Baker, who was finishing up graduate work at the University of Washington. "Coach Baker told me I should be going to university . . . and that I should look around the campus, so I did," said Foster. To pass the time while waiting for Baker to exchange Canadian currency in a local bank, Foster picked up a brochure that had been left behind in the lobby. It featured Mississippi College, a small, private liberal arts college on a picturesque campus located about 2,700 miles away in the Deep South.

"It looked like the perfect place," said Foster. "If I could go someplace far away, I could concentrate on studying. If I stayed close to home and let my friends continue to influence me, I'd party all the time. The tuition was a lot less there than in northern states, with no out-of-state fees, and from a money point of view, it fit my budget. So away I went."

Foster took the train to Jackson, Mississippi, a sprawling metropolis that served as the state capital. "The train ride was an adventure in itself, seeing the different terrains and different ways people dressed and lived," he said. "When we crossed the Mississippi state line, I was overwhelmed by the huge black population. We hardly saw any in Edmonton."

From Jackson, Foster took a cab to Clinton, a lovely, historic bedroom community located about 10 miles west, and home of Mississippi College. He was immediately impressed. The oldest institute of higher learning in the state and the second oldest Baptist college in the nation, Mississippi College was the first university in the United States to graduate a woman. The landscape featured a unique blend of antebellum structures, Victorian-era homes, and historic red brick buildings perched on verdant rolling hills. Brick streets in downtown Clinton were lined with aged oaks and grand magnolia trees. An area steeped in history, city hall was located on the site of Union General William Tecumseh Sherman's headquarters during the siege of Jackson, and the grounds of China Hill, circa 1841, were used as a campsite for Union soldiers following the Battle of Champion Hill. The college was deeply traditional. No alcohol. No black students on campus. And mandatory chapel services three times a week. Foster enrolled for the fall semester.

Despite an affinity for his new home, living in the Deep South was "a huge adjustment," said Foster. "The heat was oppressive, but the cockroaches were worse. Up here, we have teeny little things. Down there, they're so big, they fly. That really caught me off guard. I remember one guy took me for a swim in a pond, and a head popped out of the water, and I said, 'What the heck is that?' He laughed and told me it was a water moccasin. He said, 'Ah, don't worry, they won't bite you in the water.' I found later that they would. By Christmas, I thought, 'I'm going home.' It was too much for me. Then I thought . . .

'I'll stick it out another semester' . . . and bingo, it all clicked. So that summer, Bernie asked me about it. I think he was kinda like me, wanting to get away. I was obviously pretty high on the college."

Ebbers and a mutual buddy, Dave Prins, enrolled that fall. Ebbers once told an acquaintance that one reason he decided to move to the subtropical climate was because "delivering milk in 30 degrees below zero isn't a real interesting thing to do with the rest of your life." Together with Foster and Foster's new bride, Peggy, the foursome headed south for the three-day trip in Foster's mother's white convertible Ford Galaxy. "It was going to be a honeymoon trip, but I kinda destroyed (that) by allowing those two idiots to get on board," said Foster, with a laugh. "Anyway, it worked out fine. It covered a bunch of expenses and we took turns driving." Over the years, they took many routes between Mississippi and Alberta, but the Canadians usually traveled through Saskatchewan, Montana, Colorado, Texas, Tennessee, and Louisiana.

Peggy landed a job in the registrar's office at Mississippi College working with assistant registrar Clarice Mooney, who became a key contact for enrolling Foster's Canadian pals. About half a dozen Edmontonians attended Mississippi College for at least a semester or two. "I'd give her a dingle and she'd set these guys up," said Foster. "She didn't do it for Bernie because Peggy wasn't in the office yet. I think Bernie and Dave just came down on a wing and prayer and got in." Looking back on that day in the Seattle bank, Foster remarked, "The odds of finding this pamphlet and ending up down there with Bernie, well, I guess it's just fate."

Ebbers arrived at Mississippi College with only two pairs of blue jeans, two short-sleeve shirts, one long-sleeve shirt, and a jacket. He roomed with fellow basketball player William Lewis, now president of Pearl River Community College in Poplarville, Mississippi, and as juniors, they plunged into a weight-training

program to beef up. "[Bernie] almost played with reckless abandonment," said teammate Larry Hill, describing Ebbers' efforts on the basketball court. "He was full force."

Ebbers curried favor with James Allen, his coach and mentor, who arranged a basketball scholarship for him. A fun-loving and kind family man with two sons, Allen always looked after "all his boys." One day, Ebbers, who already had a strong religious background, expressed doubt about a sermon at the nearby First Baptist Church. "Allen told him, 'Boy, shut that door,'" said alumni dean Van D. Quick. "Coach Allen pulled out an old Bible and led him to a salvation experience."

Allen once told Ebbers, who could be painfully shy, that he needed to find a nice, good-looking girl to settle down with and even joked that he would pay for the marriage license. "Bernie *was* painfully shy, especially around girls," said Foster. "In high school, he would certainly not have been classified as a Casanova. He was probably like a lot of his compatriots. We were all painfully shy. Maybe because of the people you hang around, you reap those characteristics. Besides, we were more interested in playing sports. That was basically what our life was all about, to the detriment of all other things, including our social life." When Ebbers wed Linda Pigott, a devout Christian woman from Magnolia, Mississippi, in 1968, with Lewis acting as his best man, Allen paid the $5 license fee as promised.

A freak accident interrupted Ebbers' basketball career before his senior year at Mississippi College. While driving back to school from Canada, Ebbers was dropping off a pal near Grand Rapids, Michigan, when he had car trouble. "They ran out of gas in a tough part of town and walked up to a bar to ask where the nearest gas station was and things turned ugly. These guys chased them down the street and one guy threw a bottle at Bernie. It hit him on the Achilles heel and severed it completely, ending his basketball career, for that year anyway."

While laid up for two weeks with his foot in a cast, Ebbers came up with an ingenious plan to return to Mississippi College despite being unable to fulfill his scholarship requirements. A scholarship fund was created. "These checks addressed to Bernie started arriving at the house, so my wife and I put them in a box," said Foster. "He didn't phone me or anything. When he got down there, he asked if there was any mail. I said, 'Yeah, there's a ton of it.' People had sent money to help pay for his tuition, books and supplies. I thought, 'Geez, this is pretty kind of fabulous.' Bernie never said if it was 800 or 8,000 bucks. He just picked them up and left."

That fall, to help defray some of Ebbers' school expenses, Allen asked him to coach the college junior varsity team. Ebbers agreed and asked Foster to help run practices and drive the team bus. "We didn't have a very good basketball team, but we sure did have a good time," said Foster. "Bernie did a darn good job coaching that group of guys, too. And we got to see a lot of southern states—Texas, Louisiana, Alabama—that we normally would not have seen if we hadn't gotten involved."

Oddly, Ebbers, a devout Christian who was a nonconformist, felt comfortable in a state that simmered with racial strife in the 1960s and where outsiders were often eyed with suspicion. Mississippi had been in the national limelight many times, almost always unfavorably. In the fall of 1962, when James Meredith enrolled as the first African American student at the University of Mississippi, he was escorted to the administration office by out-of-state National Guard troops while protesters lined the sidewalk chanting obscenities. In 1963, NAACP field secretary Medger Evers was gunned down in the driveway of his Jackson home. The bullet-riddled walls of Alexander Hall on the campus of Jackson State University continue to serve as a reminder of a protest that got out of hand on May 14, 1970, resulting in the deaths of two students by local law enforcement.

Ebbers had attended grade school with Hispanics in California and had been a minority on the Indian reservation in New Mexico, but had not lived in a place with a significant African American population. Later, he would quietly take action to mend the racial rift in ways that would go largely unnoticed, even by the outspoken Reverend Jesse Jackson. "We were there during the most interesting time in Mississippi's history regarding segregation," said Foster. "It was a fabulous time to be there, at least from our point of view."

While Mississippi was a temporary home for his Canadian pals, Ebbers chose to stay. It was an unusual choice—in part because of the unique business climate in the Deep South, where good old boys have their own bingo and game rules, and deals are often made with a handshake, a wink, or a nod. Many times, negotiations went on over beef and drinks in places like The Room at Tico's Steak House in Ridgeland. Ebbers would later hold court there, and waitresses occasionally would brag about receiving $1,000 tips. Mississippi had long been one of the poorest states in the nation, often holding last place on vital issues of health care, education, and quality of life. Manufacturing and agriculture—mainly poultry, cotton, and forestry—remained the biggest moneymakers. Unpredictable weather that peppered the seemingly endless stretch of land (long-ago mudflats of the Mississippi River) had wreaked havoc with agricultural crops for centuries. For Mississippi farmers, life was wickedly difficult.

After graduating in 1967 with a bachelor's degree in physical education and a minor in secondary education, Ebbers moved 55 miles south to Brookhaven, an oil and timber town of 10,000, and a strong religious community. The majority Baptist population repeatedly voted down liquor sales. "If you go fishing with one Baptist, he'll drink all your beer," goes a local joke. "If you go fishing with two Baptists, you'll have all the beer to yourself."

Former AOL Time Warner COO Bob Pittman, a pioneer of the technology age, was the most famous Brookite other than Ebbers to later make global headlines. A former radio deejay, Pittman founded MTV at the age of 27 and went on to serve as CEO for Six Flags Entertainment and Century 21 Real Estate. Ironically, AOL Time Warner, the world's largest media company, was also under investigation for accounting problems when Pittman left the company on July 18, 2002. Located on Interstate 55, Brookhaven was an easy two-hour drive to New Orleans, an aged port city with a vastly different culture. "You can go from one world to another in practically no time," said a local resident, who frequented the Big Easy. "I do, often."

With his new bride, Ebbers bought a modest home and coached basketball at nearby Hazlehurst High School for a year. "He enjoyed being in charge," said Bobby West, a junior varsity player at Mississippi College. "He always had plenty of nerve (and) dared anybody not to like it. The night before cuts, I can remember going to his dorm room . . . to find out if I was going to make the team. I remember him enjoying that to the fullest. He got the most out of that, and then told me to get on out, knowing all the time I was going to make it."

The year Ebbers coached at Hazlehurst, Sells Newman was a tall, lanky senior basketball player at Crystal Springs High School, a rival school located about 10 miles away. "Bernie hasn't changed a bit," said Newman in 2002. "He was always very competitive, always a very nice happy-go-lucky guy. I ran into him recently at Schimmel's restaurant and told him anytime he wanted to hit a few hoops, I'd give him a $5 challenge. His wife said, 'Don't challenge him. That's what he always likes.' "

During the summer, Ebbers coached Little League baseball in Hazlehurst, a small railroad town that did not have enough teams for competition. He asked Lamar Bullard, a Little League coach in Brookhaven, if he could bring his

Hazlehurst players to Brookhaven for a few games. Bullard agreed, and the two coaches worked together all summer on the baseball field. Bullard, then senior vice president of Stahl-Urban Company, was impressed by Ebbers' character and asked him to consider working at the family-owned garment factory in Brookhaven, where men's sportswear and outerwear had been manufactured since 1935. Six weeks later, Ebbers joined the company. After four or five years, he had worked his way up to distribution manager, but quit to start his own business. "Bernie was a bright young man who had more potential than we were able to reward him with at that time," said Bullard. "I guess he felt it was time to be his own boss."

Ebbers purchased Sand's motel and restaurant for an undisclosed sum in nearby Columbia, the state's fourth oldest city and former state capital. Located in the bottomland of the Pearl River, next door to an auto salvage center, the 40-room motel often housed roughnecks who worked on oil wells in the area. "I've stayed in some dumps, but Sand's was the worst dump I'd ever stayed in," said a former WorldCom executive, referring to a night he spent in the motel with high school football teammates in the 1970s during a championship game road trip. "I don't know if it was Bernie's at the time. I hope not." To save money, the Ebbers moved on-site with their first child, Treasure. Later, the couple had two more daughters, Joy and Faith, one of whom they adopted. "We lived like a band of gypsies in a two-bedroom house trailer," said Ebbers. "My wife looked after the maids and I did the maintenance."

Through church connections, Ebbers met Danny M. Dunnaway and Carl J. Aycock, roommates and Sigma Alpha Epsilon fraternity brothers at the University of Southern Mississippi (USM). Later, they would be key players in the creation of LDDS, the forerunner to WorldCom. Originally from Georgia, Aycock married during his junior year of college, and after earning a math degree, settled in Columbia to work as an

accountant for Dunnaway's dad, part owner of several Dollar General franchises, a five-and-dime type store. After graduating from USM with an accounting degree, Dunnaway headed to law school at Ole Miss, known formally as the University of Mississippi. The trio kept in touch, and soon after Dunnaway returned to the area with a law degree and joined his dad in business, Ebbers persuaded him to invest in motels.

After demonstrating how a motel could double in value in five years and also make a modest operating profit, Ebbers convinced Dunnaway and Jewel Felker to invest in the motel business. The trio purchased the Jones Motel in Collins, a 65-room property in a rural town driven by the poultry industry, where chicken entrails permeated the air. A local football hero, Tater Jones, and his wife, Bernice, had built the motel. In 1936, Jones kicked Seminary High School to a state championship. "It's been so far back, I can't remember which it was—a field goal or PAT—but it was good enough to win that game," said Jones. Even though the rate was never posted, locals speculated that motel rooms were sometimes rented by the hour, probably when the Joneses, highly regarded citizens of Covington County where the Jones Motel was located, were out of town.

Speck's, the restaurant adjacent to the motel, was equally famous. It was owned by Speck Graham and was a busy meeting place for local politicians and traveling preachers. Attracted perhaps by a wall-size wildlife photographic mural of two fawns in the woods, hunters and fishermen often gathered in the smoke-filled restaurant to chomp on fried chicken and green beans. Even though Speck's and the Jones Motel had different owners, many people thought of them as a single entity, and the restaurant was a great place to gossip.

Aycock joined the venture when the foursome purchased a third property, the Marshall Motel in West Point, Mississippi. Built in the 1950s by Barnes Marshall, the town's former multi-term mayor, the 43-room motel was clean but antiquated. After

two days of training by Ebbers, Dunnaway took over as on-site manager. Ebbers returned to Sand's. Felker continued to manage the Jones Motel. By design, when the properties were consolidated, Ebbers, the sole owner of Sand's, owned the lion's share of the business. In 1977, when the group focused on additional hotel ventures, Dunnaway bought the others' interest in the Marshall Motel and exited the group. He sold the motel in early 1983.

Ebbers' motel chain, Master Corporation, continued adding properties, mostly in Mississippi, including a motel in Grenada and a Hampton Inn in Brookhaven. Ebbers upgraded the portfolio considerably when he built a comparatively upscale property, a 62-room Best Western motel in Brookhaven. At one point, Ebbers, who was dedicated to the hotel business, was the Best Western Governor of Mississippi, representing the state's franchise owners. By mid-1983, Master Corporation had seven properties and the base of operations had been moved from Columbia to Brookhaven. "I remember driving down to see Bernie . . . and he was telling me about slicing tomatoes for (the restaurant)," said Foster, who returned to Canada to pursue a teaching career after finishing graduate school at Mississippi College. "I remember him saying, 'You've got to slice tomatoes this thick because that's where a lot of your profit is.' From a business point of view, he really started to evolve from that kind of beginning."

Even though he no longer had an investment in Master Corporation, Dunnaway accepted Ebbers' job offer to direct operations for the motel group after he relocated to Brookhaven and found himself with idle time. "Mr. Ebbers told me, 'Hang on, Danny, there may be an opportunity for an investment,' and within 30 to 60 days, LDDS came along," said Dunnaway.

Spirituality was a bond for these men, who lived in the buckle of the Bible Belt. David Singleton and Max Thornhill, both Brookites who had raised money for various projects,

knew Ebbers through a prayer group at First Baptist Church of Brookhaven. They would also figure largely in the formation of LDDS. When he relocated to Brookhaven in the late 1970s, Aycock became active in the Faith Presbyterian Church. When Dunnaway returned to Brookhaven, he became involved in Abundant Life Church, a charismatic nondenominational and multiracial church. Dunnaway said, "We all believed in our hearts this was what we were supposed to do."