

# Advisers Morgan Stanley, Deutsche Drop ENRC

By [The Moscow Times](#)

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LONDON — Morgan Stanley and Deutsche Bank have quit as brokers to ENRC, an embattled miner focused on Kazakhstan and Russia, a highly unusual step that adds to the woes of a company facing allegations of fraud around its African and Kazakh operations.

The two investment banks, advisers since ENRC's 2007 listing, resigned as brokers late last month, breaking links with a company facing a probe by UK prosecutors, it emerged on Thursday.

ENRC, which is also facing a potential buyout bid from its founders and the impact of a severe Kazakh winter on iron ore production, is now seeking replacements.

"After many years with the company Morgan Stanley and Deutsche have stepped down in recent weeks as brokers," ENRC said in a brief statement, adding it was reviewing a "final short list" before deciding on new advisers.

Corporate brokers, a role banks play in Britain but few other countries, are companies' eyes and ears in the market. Banks clamor for the role, which though less than lucrative, can pay off in fees for knock-on roles advising on share sales, for example, or other deals.

Morgan Stanley and Deutsche Bank took \$64 million in fees out of a combined \$120 million earned by four banks from ENRC's market debut, according to Thomson Reuters data.

Some investors and former directors say not enough questions were asked at the time of the listing and some even say that it should not have taken place, given the allegations now facing the company and other issues around its governance.

The other two banks involved in the listing were Credit Suisse and ABN Amro Rothschild. Morgan Stanley and Deutsche declined to comment.

Shares in ENRC, already down on Thursday after the group reported weaker than expected production in key commodities in the first quarter, sank more than 6 percent on the news.

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