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PAUL KANGAS, NIGHTLY BUSINESS REPORT ANCHOR: Not guilty -- that`s the verdict for two former Bear Stearns hedge fund managers in the first major criminal case related to the mortgage meltdown. A Federal jury finds Ralph Cioffi and Matthew Tannin did not lie to investors.

SEN. CHRIS DODD, BANKING COMMITTEE CHAIRMAN: You`re given very few moments in history to make this kind of a difference and we`re trying to do that.

SUSIE GHARIB, NIGHTLY BUSINESS REPORT ANCHOR: Senate Banking committee Chairman Chris Dodd unveils his plan for a sweeping overhaul on the nation`s financial rule book.

KANGAS: European regulators throw a wrench into Oracle`s plans to buy Sun Microsystems, but U.S. regulators say they`re still behind the $7 billion deal.

GHARIB: Then, Monsanto sows the seeds of growth, reaching what the agribusiness calls an inflection point. We`ll tell you what that means and why the stock sprouted on the news.

KANGAS: I`m Paul Kangas.

GHARIB: And I`m Susie Gharib. This is NIGHTLY BUSINESS REPORT for Tuesday, November 10.

Good evening, everyone. Two high-profile Wall Street executives accused of fraud and conspiracy are free tonight. A jury acquitted Matthew Tannin and Ralph Cioffi of charges that they lied about the health of two hedge funds they managed at the former Bear Stearns investment firm. The funds were heavily invested in risky mortgage-backed securities. The trial of Tannin and Cioffi was closely watched. It was the first major case tied to the sub-prime mortgage crisis. Prosecutors relied on e-mail messages between the two men to show they knew the funds were going to collapse. The fallout led to the demise of Bear Stearns and its rescue merger with JPMorgan. So what`s the takeaway message from this verdict? That`s what I asked Professor Jack Coffee. He`s an expert in securities law at Columbia University.

JACK COFFEE, LAW PROFESSOR, COLUMBIA UNIVERSITY: I`m afraid this was a complete rebuff to the prosecution. They didn`t find the e-mail evidence sufficiently convincing. Normally a white collar jury is out six, seven, eight, nine days before they decide either way. But within one day of commencing their deliberations, they came in with a complete acquittal. That to me means they didn`t find the e-mail evidence to be sufficiently convincing. They needed to have a witness tell them what was going on and the defendants succeeded in providing at least colorful interpretations to what some of these e-mails really meant.

GHARIB: Jack, this was a complicated case with a lot of jargon. Do you think that the jury understood all of the issues?

COFFEE: It`s quite possible the jury understood that there wasn`t enough evidence here to find guilt beyond a reasonable doubt. They may have been convinced, they may have been confused about some of the aspects of this case, but they could have seen that there were multiple explanations for these e-mails. They weren`t as self-explanatory as the prosecution hoped. And the prosecution did not have a strong corroborating witness who explained that this was a conspiracy. I was there. I saw it and I knew it.

GHARIB: Do you think that prosecutors going forward are going to rethink bringing other cases? What is the impact of this decision?

COFFEE: I think prosecutors both in this case and in similar cases are going to have to conduct a postmortem and decide what was the weakness in this case. This is not about the substantive law. This is about the strength of the evidence. They may have placed overly optimistic predictions on what a jury would conclude, seeing the e-mail evidence in this case. They may need to go back to more old fashioned prosecution in which there is at least one or two corroborating witnesses. So I think the government has to reevaluate just how strong this evidence is before they bring other cases that involve somewhat equivocal evidence based on e-mails that may be explained away when the defense presents its side of the story.

GHARIB: What impact do you think that this decision is going to have on this Galleon (ph) insider trading case that there`s been so much focus and publicity about?

COFFEE: I don`t think it`s going to have any impact at all on Galleon. There is just a day and night difference in the quality and character of the evidence between the Bear Stearns case and the Galleon case. In the Galleon case we have wiretaps. We have witnesses who were there and were participants in the conspiracy and will explain that the other defendants were their co-conspirators. That kind of evidence is the classic white collar case. It is very strong and hearing the defendants on tape telling people that if this evidence comes out we`ll all go to jail, that`s the kind of stuff the juries find easy to convict based upon.

GHARIB: Are there any other cases that are pending that could be in jeopardy?

COFFEE: Well, we don`t know what cases are pending because the government never tells you until they indict. But it has been rumored in the press that there have been cases planned against AIG, other financial banks. There are possibilities of other real estate sub-prime mortgage fraud cases. All of those are going to have to be reevaluated in terms of whether the government has the strength of evidence necessary to ensure convictions.

GHARIB: Jack as you know, there`s a big disconnect between main street America and Wall Street during this financial crisis. A lot of the victims, people who lost money in the Bear Stearns case were institutions and high net worth individuals. But yet there is this sense that once again a big financial firm, or individuals who work at big financial firms got off. What would you say to the American public?

COFFEE: I understand that the American public is going to be disturbed and surprised by this. But this is how our system of criminal justice has always been structured. It gives the balance of advantage to the defendant. Unless the prosecution can show that beyond a reasonable doubt a crime was committed, the jury is instructed to acquit and I think this jury basically observed the instructions they were given by the court, that they had a reasonable doubt. They saw it right away and therefore the balance of advantage dictated that the defendant be acquitted.

GHARIB: Jack, thank you so much for your time, very interesting analysis.

COFFEE: Thank you.

KANGAS: Profit takers took to Wall Street this morning, selling on yesterday`s strong gains. Sellers quickly turned to buyers however, sending the Dow to a 33-point gain just an hour into trading with the NASDAQ Index up 6 points. The upturn failed to gain traction as the dollar strengthened, causing commodity stocks to weaken. But decent demand for this afternoon`s auction of 10-year Treasury notes did push the Dow to a higher close. It gained 20.03 to 10,246.97. But the NASDAQ Composite lost 2.98 ending at 2151.08. Standard & Poor`s 500 down .07 at 1,093.01. In the bond market, the 10-year note rose 2/32 to 101 7/32, putting the yield at 3.48 percent.

GHARIB: Senate Banking Committee Chairman Chris Dodd today unveiled a sweeping proposal to overhaul the financial regulatory system. At more than 1,100 pages, the proposal is a challenge to the power of the Federal Reserve, stripping the central bank of a lot of its authority. It would rewrite the rule books for how banks and other financial institutions are regulated. And as Stephanie Dhue explains, it`s also a bold gamble for the man who came up with the plan.

SEN. CHRIS DODD, BANKING COMMITTEE CHAIRMAN: This is not a time for timidity in this area.

STEPHANIE DHUE, NIGHTLY BUSINESS REPORT CORRESPONDENT: Senator Dodd`s proposal would take away the regulatory powers of the Federal Reserve and the FDIC, creating a powerful new regulator to oversee financial institutions. Dodd doesn`t want the Fed loaded up with more responsibilities.

DODD: It`s not designed to basically punish the Federal Reserve at all, but rather to enhance their role and their independence by the way. I feel very strongly about the central ingredient of the Fed`s strength and that is its independence.

DHUE: Dodd`s proposal has several key points: a new financial stability agency to handle systemic risks and possibly require big firms to divest holdings; a consumer financial protection agency; a way for the FDIC to unwind failing financial firms; and a limit on the Fed`s ability to lend. Dodd`s approach differs from the House and the administration, which would give the Fed more powers. Dodd calls his approach bold.

DODD: I could have tried to draft something that was sort of already a compromise of ideas in a sense here, but I think you make a huge mistake by doing that. You`re given very few moments in history to make this kind of a difference and we`re trying to do that, and I think this is important.

DHUE: The proposal still has a long way to go. Fellow Democrat and Banking Committee member Senator Mark Warner hopes a bipartisan solution can be crafted.

SEN. MARK WARNER (D), VIRGINIA: This is an area where the unintended consequences can be dramatic and that`s why we need all of us rowing in the same direction.

DHUE: Analysts say a powerful new regulator and consumer protection agency could make it hard for banks to be profitable. Concept Capital analyst Jaret Seiberg expects the proposal to be scaled back over time.

JARETSEIBERG, ANALYST, CONCEPT CAPITAL WASHINGTON RESEARCH GROUP: To us, the big deciding point will come in the first quarter. Either they are going to go forward with a comprehensive bill or they are going to go with a narrow approach. And we think at this point, it`s likely we`re going to get a narrower bill and that would certainly be a positive for financial firms.

DHUE: The proposal could be a positive reelection tool for Senator Chris Dodd. He faces a nasty fight in Connecticut and analysts say he`s eager to show he can be tough with the financial industry. Stephanie Dhue, NIGHTLY BUSINESS REPORT, Washington.

KANGAS: In creating a single banking regulator, Senator Dodd`s bill goes much further than the Obama administration proposed. If passed, it would be the largest government shakeup since the creation of the Department of Homeland Security. Is it a good idea? Darren Gersh put that question to Treasury Assistant Secretary Michael Barr, a key player in the Obama administration`s reform efforts.

MICHAEL BARR, ASST. SEC. FOR FINANCIAL INSTITUTIONS, US TREASURY: I think the key issue is not who`s up or who`s down or what the regulatory boxes are in reform. The key principles that we have to have are new clear rules of the road for financial firms, tougher forms of financial supervision, protection of consumers and investors, going after problems with mortgages and overdraft and credit cards that were so hard on American consumers today and ending this perception of too big to fail. And those are the key measures we`re going to be judging any reform on.

DARREN GERSH, NIGHTLY BUSINESS REPORT CORRESPONDENT: But there`s an important point which is that Senator Dodd doesn`t seem to have a great deal of confidence in the Federal Reserve as a regulator and so he wants to put the regulatory function in a different agency and have the Fed do less. Do you think he`s wrong?

BARR: I think there was a regulatory failure all around in the system. Our financial regulatory system fundamentally failed the American people. We need fundamental change in our system of financial regulation. There are different ways of achieving that. I think the key thing is that we focus on our clear principles. We need clear rules of the road going forward to protect consumers. We need to have tougher rules on financial firms in Wall Street and we`ve got to end this perception of too big to fail. And those are really the core principles that I think the American people are going to be looking to us for.

GERSH: Some of the people I`ve talked to who studied this are looking at that latter point that you made and say the regulatory reforms give regulators a great deal of flexibility to respond to almost any crisis. While that may be good, it doesn`t create the kind of certainty that says we`re not going to bail out these firms under any conditions, so it leaves a kind of open and that sends the wrong signal. Do these folks have a point?

BARR: I don`t think so. I think if you look at the legislation that`s being considered in the House and Senate, this is tough legislation, higher capital standards for the largest firms, so there are bigger buffers in the system in case they fail. Fundamentally changing the rules for the largest firms with respect to activities they do gives the ability of the regulator to bust up big firms if it`s dangerous to the system and imposes serious (INAUDIBLE) costs on creditors, counterparties investors, in the event of those firms` failures. There`s tough legislation on that score. I think it really does end the perception of too big to fail.

GERSH: By giving regulators the ability to go in and resolve big firms and step in when they see a risk, are you in a way creating a permanent TARP?

BARR: Absolutely not. Nothing could be further from the truth. We have tough new rules on these institutions. And the point of the special resolution regime in all these bills, the point of dissolving these firms is to get rid of them, not to keep them alive. We need to wind them down in a way though that doesn`t blow up the system, that doesn`t harm American businesses, that doesn`t harm American consumers, that doesn`t ruin our ability to finance small businesses. We had this problem last fall where the government didn`t have the tools to wind down these firms and we`re paying a price for that every day.

GERSH: All right, Michael Barr, assistant Treasury secretary, thanks for your time.

BARR: Thanks very much Darren.

GHARIB: FedEx is expecting its busiest day of the year to be its busiest day ever. It predicts it will ship 13 million packages on December 14, almost twice the volume of an average day. That would also be a daily record and more than 8 percent higher than last year`s peak day. During the entire week of December 14, FedEx plans to make more than 50 million shipments. The big jump is thanks to a spike in online holiday sales. Also, FedEx has cleared a hurdle with the tax man. The IRS said the company does not owe taxes on penalties or penalties rather from using independent contractors in its FedEx ground unit from 2004 through 2006. Paul?

KANGAS: Susie, despite that decision, FedEx is still fighting lawsuits over just how it classifies its delivery drivers. Now let`s see what was driving Wall Street as we take a look at our stocks in the news tonight.

Big board volume leader today on 39.2 million shares, Citigroup (C) edging a penny lower.

Followed by Bank of America (BAC) a $0.26 gain there.

Ford Motor Co (F) edged up $0.06.

But General Electric (GE) down $0.07.

Ambac Financial (ABK) lost $0.39, big percentage drop there. The bond insurer said it may file for bankruptcy protection, but said it should have enough liquidity to meet its needs through the second quarter of 2011.

Pfizer (PFE) up $0.13.

And then Sprint Nextel (S) with a $0.19 loss.

MBIA (MBI) down $1.28, big third quarter loss out today, third quarter down, a loss of $3.50 a share, up from the loss of $3.42 a year ago.

Motorola (MOT) was down $0.13.

And then AT&T (T) with a $0.02 gain.

Monsanto (MON) did well, up $3.66. The company expects accelerated launches of its new corn and soybean products and affirmed its 2010 full year earnings guidance, says it could be as high as $3.30 a share.

Fluor (FLR) down $3.63, lower third quarter earnings, $0.89, down from $1 last year and revenues fell 4 percent.

American International Group (AIG) up $1.41, traded as high as $39.35 today. Moody`s reportedly said the company is making progress in restructuring and likely will repay the government`s loan and much of its preferred equity stake.

Hewitt Associates (HEW) a consultants firm, up $1.53. Fourth quarter earnings, $0.68, more than double $0.32 last year and that`s despite a 4 percent drop in revenue.

Stifel Financial (SF) up $1.49, big earnings jump there third quarter, $0.67, up from last year`s $0.46. Revenues were up 32 percent and those earnings incidentally $0.13 above the Wall Street estimate.

Carters (CRI) which sells children`s clothing is going to restate its financials going back as far as fiscal year 2004. Also it won`t file its October 10 Q report on time.

CVS Caremark (CVS), the big pharmacy chain, down $1.04. The company will pay $875,000 to settle charges that it sold expired products at retail pharmacies across the nation.

And Schawk (SGK) up $2.15, big percentage move. The company`s in graphic services, had a real turnaround, third quarter earnings of $0.53 versus a loss of $0.25 a share last year and all this despite nearly a 10 percent drop in sales.

NASDAQ`s most active was Apple (AAPL) up $1.52. The company`s operating profit in the third quarter from iPhones overtook Nokia`s profit by $500 million.

Microsoft (MSFT) $0.02 gain.

Look at this gain, Priceline.com (PCLN) up $30.49. After the close yesterday, third quarter earnings came out at $3.45 a share, way up from $2.39 last year. Revenues soared 30 percent and the company`s bookings are up 33 percent from year ago, what a combination.

Research in Motion (RIMM) up $2.11.

Amazon.com (AMZN) a $3.48 advance there.

Google (GOOG) up $4.25.

Intel (INTC) a $0.04 gain.

Cisco Systems (CSCO) down $0.34.

Baidu (BIDU) gained $2.25.

And then came Qualcomm (QCOM) with a $0.40 loss.

Elsewhere, Electronic Arts (ERTS) down $1.24. After the close yesterday, the company had second quarter earnings of $0.06 a share, a penny below the Street estimate. The company will cut 1500 jobs and would also cut its software sales outlook, not a good combination.

Those are the stocks in the news tonight. Susie?

GHARIB: Paul, the $7 billion merger between Oracle and Sun Microsystems is in jeopardy as European regulators moved today to block it. U.S. regulators had already approved the deal and today`s action threatens to raise tensions between the U.S. and the EU. And as Scott Gurvey reports, with Sun`s balance sheet bleeding millions every month, there`s a lot at stake.

SCOTT GURVEY, NIGHTLY BUSINESS REPORT CORRESPONDENT: What the Europeans have done is blocked Sun`s Hail Mary pass. Once the darling of the Internet age, Sun has fallen on hard times and its acquisition by Oracle is seen as a last-ditch move to insure its major technologies survive. Standard & Poor`s Tom Smith also notes there are a lot of jobs at stake.

THOMAS SMITH, IT ANALYST, STANDARD & POOR`S: If it were to dissolve altogether, worst-case scenario for Sun, that`s almost 30,000 jobs that die.

GURVEY: It is unusual but not unheard of for the Europeans to object to a deal already approved by the U.S. Justice Department. The EU famously torpedoed a proposed merger between GE and Honeywell in 2001. Antitrust attorney David Turetsky says in today`s case, the U.S. Justice Department took some unusual action of its own.

DAVID TURETSKY, PARTNER, DEW & LeBOEUF (BY TELEPHONE): The Department of Justice, in a move that wouldn`t really be described as typical, issued a statement after the European Commission issued the statement of objections and explained exactly how it analyzed the market and that it saw things differently.

GURVEY: One of Oracle`s biggest competitors in the application software market is Germany`s SAP and some critics today accused the Europeans of protectionism. But in fact, in buying Sun, Oracle has its eye not on SAP, but on IBM. That`s because IBM offers customers both an extensive line of server and mainframe hardware and database and application software products. Oracle has been on a buying spree in a drive to become a one-stop shop like IBM. Sun is its first major hardware purchase.

SMITH: Throughout the IT industry now, there seems to be interest in a strategic model that includes software, hardware and services and bundling -- the whole thing together, to provide big enterprise clients with a total solution. So Oracle is a player that`s comprehensive in its software operations, but has very little in hardware, so this would give them a toe-hold on a strategy that might have them towards being more of a total solutions company.

GURVEY: Oracle today said the European Commission has a profound misunderstanding of the market. The company will make an additional presentation before the commission. But while the Europeans continue their investigation, Sun continues to lose customers and $100 million a month. Scott Gurvey, NIGHTLY BUSINESS REPORT, New York.

KANGAS: Tomorrow, "Street Critique" guest Hilary Kramer on preparing your portfolio for the next shoe to drop on Wall Street.

GHARIB: What`s in Capital One`s wallet? A lot of insolvent customers, apparently. Capital One said today its credit card charge-offs keep on rising because of weakness in the housing and job markets. In the third quarter, Capital One said almost 10 percent of its credit card loans weren`t paid off. The issuer of MasterCard and Visa cards expects the level of bad loans to stay high through next year.

KANGAS: The Obama administration`s foreclosure relief plan is picking up steam. A new report shows one in five eligible homeowners is now getting help. As of the end of last month, more than 650,000 borrowers had signed up for loan modifications with the making home affordable program. That`s enough people to fill the new Dallas Cowboys stadium eight times.

GHARIB: Tonight`s commentator says our friends to the north could be hungry for U.S. banks. He`s Howard Green, anchor of Canada`s business news network.

HOWARD GREEN, ANCHOR, CANADA`S BUSINESS NEWS NETWORK: Don`t be surprised if your neighborhood bank is being given the once-over by a Canadian bank. After surviving the crisis with zero cash from government, Canada`s big banks are sitting on enormous capital cushions. Their tier one capital ratios, which regulators watch like hawks, are at double digits. Banks here have always kept them high and usually above the required level of 7 percent. But double digits? Royal Bank of Canada`s now sits at 12.9 percent.

So the question is, what will these banks do with all that capital? Shareholders here love their dividends and not one of the big five banks trimmed its payout during the crisis. So speculation continues about what these goliaths might want to buy in the U.S. Not so fast, though. Forays by Canadian banks into the American market have not gone well. As a result, they`re a bit scared to make a move. Canada`s Royal Bank, also known as RBC, has banks in the southeast, but its business there has been a headache and not very profitable. Bank of Montreal, also known as BMO, owns Harris Bank in the Chicago area. Again, Harris has not lit up the charts. Toronto Dominion or TD Bank, bought New Jersey`s Commerce Bank two years ago for what now looks like a king`s ransom of $8.5 billion.

But don`t let these grim facts distract you from monitoring Canadian banks. Remember, they`re not allowed to merge at home. So all that bulging capital in their pockets might start burning a hole, leading to some cross- border bank shopping in the U.S. of A. That`s may not good for all the shareholders here in Canada, but it would better for you Americans, because you`d have stronger banks in the `hood. I`m Howard Green.

KANGAS: Recapping today`s market action, a split decision on Wall Street. The Dow gains 20 points, but the NASDAQ Composite loses nearly 3 points. To learn more about the stories in tonight`s broadcast and to read personal finance blogger Jeff Brown`s take on converting to a Roth IRA, go to NIGHTLY BUSINESS REPORT on pbs.org. You can also email us at NBR@pbs.org

GHARIB: And that`s it for NIGHTLY BUSINESS REPORT for this Tuesday, November 10. I`m Susie Gharib. Good night everyone. Good night to you, Paul.

KANGAS: Good night, Susie. I`m Paul Kangas, wishing all of you the best of good buys.