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Bank of America names Moynihan CEO, commits to Charlotte

Leader says bank's headquarters, and his office, will be in Charlotte

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Bank of America's board late Wednesday unanimously named Brian Moynihan the Charlotte bank's next chief executive, depending on him to lead the bank out of a recession and into a new age of regulation of the industry.

The bank's headquarters will remain here, Moynihan said in an interview, adding that his office will be in Charlotte. Moynihan's Boston ties had raised concerns about his commitment to Charlotte.

"We're committed to maintaining everything we do for Charlotte," said Moynihan, a Boston-based executive who said he hadn't thought about where he will live yet. "It's just that simple."

The decision gives the bank's employees, including about 15,000 in Charlotte, a known commodity as their next leader. But the choice is also likely to agitate investors who wanted a fresh start and to raise questions about the bank's ability to attract a big-name CEO from outside the company.

After Bank of New York Mellon chief executive Bob Kelly dropped out of the running on Monday, Bank of America appeared to be left with two internal candidates - Moynihan and chief risk officer Greg Curl - to replace departing CEO Ken Lewis.

Currently head of consumer banking, Moynihan takes charge Jan. 1.

The 50-year-old represents a younger leader who could lead the nation's biggest bank for many years, while Curl, 61, is a Charlotte-based veteran who probably offered a short-term fix. Both had ties to the bank's troublesome Merrill Lynch deal, a reason that some investors

pushed for a CEO from outside the company.

Moynihan said he met with directors three or four times, giving him a chance to get to know better a board that was broadly revamped under government direction in recent months.

Wednesday's meeting in the 60th-floor boardroom in the Bank of America Corporate Center in Charlotte started about 6 p.m. and ended about 7:30 p.m. Fourteen directors participated in person, one by phone, spokesman Bob Stickler said. The meeting included an executive session that excluded Lewis.

Moynihan waited in a 58th-floor office before being summoned to the meeting, where he received a round of applause after the vote. Although published reports said Lewis had earlier expressed support for Curl, bank spokesman Stickler said Lewis was vocal in his support for Moynihan at the meeting.

Moynihan said his compensation wasn't discussed as part of the selection process and will be determined later. Like other top executives at the bank, he didn't receive a bonus in 2008.

The incoming CEO said he wasn't pondering major changes to a company that combines a giant consumer bank with a huge capital markets unit after the Merrill deal.

"This is the best financial services company in the world," he said, although he acknowledged recent "tough patches."

Lewis, 62, announced Sept. 30 that he would step down at year's end, ending a four-decade career at the company amid mounting criticism of his Jan. 1 Merrill acquisition. The search for his replacement, led by a six-director committee, dragged on longer than many expected - 11 weeks. Three of those six directors came from FleetBoston, like Moynihan.

Bank of America Chairman Walter Massey, who led the CEO hunt, said the board interviewed a number of inside and outside candidates and listened to the input of investors and regulators. He said the bank's repayment of \$45 billion in government aid last week gave it more "flexibility" in the search.

The fact that the board selected Moynihan after such a broad search highlights directors' confidence in his ability to do the job, Massey said. Moynihan is familiar with all of the bank's lines of business and is respected by employees and regulators, he said.

"He knows Wall Street," Massey said. "He knows Main Street. That's important as the company moves forward."

Massey said Moynihan is also cognizant of the changing environment for the financial services industry, which is under pressure from regulators, politicians and consumers to change its business practices after the industry contributed to the nation's economic troubles.

As head of the consumer bank, he has reduced overdraft fees and rolled out credit card statements that more simply explain account terms.

"What he represents is a voice for change," Massey said. "He also represents continuity, which is important for a company."

Massey said regulators were informed of the decision but it was solely made by the board.

During the hunt, the search committee met about 30 times, including multiple weekends, a person familiar with the matter said. The group thoroughly evaluated a number of inside and outside candidates but didn't get that close to selecting Kelly, the person said.

In the middle of the process, paying back government aid became seen as an important step to complete before making the final decision, the person said.

Analyst Nancy Bush of NAB Research in New Jersey said Moynihan's selection was somewhat of a surprise, but she was glad the board had made its pick. She called Moynihan a good guy whom she hoped everyone could get behind.

"They need a period of stability," Bush said. "They get more certainty" with Moynihan.

Growing up in Marietta, Ohio, Moynihan was the sixth of eight children. He majored in history and co-captained the rugby team at Brown University, then earned a law degree at the University of Notre Dame, according to the Boston Globe.

He entered banking by joining a FleetBoston predecessor in the early '90s as deputy general counsel. By 2004, when Bank of America bought Fleet, Moynihan was in charge of the brokerage and wealth management unit. He held virtually the same job at the combined new bank, and stayed in Boston. The unit, and hundreds of bank leaders, moved there.

In 2007, Moynihan was put in charge of the investment bank and restructuring it. The next year, Lewis put him in charge of leading the integration with Merrill. In August, in another management shakeup that Lewis orchestrated, Moynihan was named head of consumer banking.

While he has held top jobs inside the company, he hasn't been a visible force outside the bank, although he testified before Congress this year on the Merrill deal.

While he has a low-key demeanor and keeps his public remarks fairly dry, he can show glimpses of whimsy. In his New York office, he kept a name plate on his desk that read "Director of Donuts" - an inside family joke from his days picking up Sunday breakfast.

And at a presentation in Boston last month to analysts and investors, after handing out his notes, he joked, "You can take this piece of paper and fall asleep for the next 30 minutes, and when you come back this is what I'll have told you."

Lewis took him to Washington, D.C., last year when he wanted to back out of the Merrill deal, and spoke highly of him in an interview with the Observer in March.

"Everybody likes and respects Brian so much," Lewis said at the time.

But Lewis was also apparently willing to lose Moynihan. Moynihan was set to leave the company last year when he declined to move to Delaware to take over the bank's credit card unit. Boston-based board members rallied behind him, and the bank found another position for him.

Moynihan's ties to Lewis and the Merrill deal make him a controversial candidate. Some shareholders have pushed strongly for the board to hire an outsider as the new CEO, to signal a clean break from the Lewis era.

Earlier on Wednesday, before the Moynihan announcement, activist shareholder Jon Finger announced that his firm had hired a proxy solicitor called the Altman Group. Finger didn't provide details, but it's likely that he hired the firm to mobilize other large shareholders to pressure the directors and try to persuade them to choose an outsider.

During the search, Finger filed two petitions urging the directors not to choose Moynihan or Curl, saying they're tainted by ties to the Lewis era. William Atwood, executive director of the Illinois State Board of Investment, said the directors have a duty to disclose how they made their decision: "How they defined their field of candidates, who they talked to and didn't talk to, how they identified the best candidate."

"That prevents people from questioning what's going on, or what ulterior motives anybody might have," Atwood said.

The new leader will have a number of hurdles to face, including the impression that he wasn't the board's first choice for the job.

While Bank of America took an important step this month by paying back its government aid, it's still wrestling with consumer loan losses, facing increasing regulation of its business and dealing with the ongoing political backlash for the bank's role in the nation's financial crisis.

Legislation introduced in the U.S. Senate even calls for breaking apart financial conglomerates that combine commercial banking and capital markets operations.

The bank's struggle to name a new CEO contrasts with a longstanding tradition of smoothly handing the top job to the next generation. Lewis became CEO at the bank's 2001 shareholder's meeting after serving as president beneath Hugh McColl Jr. and winning a horse race with Chief Financial Officer Jim Hance.

Rep. Barney Frank, the powerful head of the House Financial Services Committee, said he was very pleased with Moynihan's appointment - and not just because Moynihan is his constituent.

"I think it would have been demoralizing to say no one in the bank was worth it," he said.

He also said he thinks Moynihan understands both the political climate and the banking industry, and that he was unfairly criticized - often by Democrats - for the Merrill deal, which helped stabilize the economy. Asked if the government was involved in choosing Moynihan,

Frank said he had "no idea that they were."

He said that moving the headquarters to Boston is "not on the table." He also said he has "a strong interest in Charlotte being treated fairly," and that he's been talking to Rep. Mel Watt, a Charlotte Democrat and another member of the finance committee, about "geographical fairness."

Rep. Edolphus Towns, a New York Democrat who led a congressional probe of the Merrill deal, said Wednesday he hopes Moynihan "appreciates the debt Bank of America owes to U.S. taxpayers."

Staff writers Kirsten Valle and Jen Aronoff contributed.



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