

Who can fill the CEO seat?

With Bank of America under scrutiny, some say new leader should come from outside the company

By [Todd Wallack](#)

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Help wanted: Seasoned executive with experience overseeing a bank or other large financial institution to run nation's largest bank. Washington experience a plus. Clean record a must.

Bank of America's chief executive officer, Ken Lewis, startled the financial world and caught his own board of directors off guard last week when he said he would retire at the end of the year.

One leading candidate to succeed him is Brian Moynihan, a fixture in Boston banking circles, recently promoted to run Bank of America's largest division, the consumer and small business unit. Moynihan, 49, was general counsel at [FleetBoston Financial](#) when it was sold to [Bank of America](#) five years ago.

Lewis is leaving under a cloud at Bank of America. The company is being investigated by the US Securities and Exchange Commission and the New York attorney general over whether it misled shareholders about its \$50 billion acquisition of Merrill Lynch during the financial crisis last year. The bank received \$45 billion in taxpayer funds as part of the US government's efforts to stabilize the financial sector.

With so much confronting the company, some shareholders believe it should go outside the ranks of Bank of America executives for a successor.

"They absolutely need to go outside," said Michael Garland, a spokesman for ChangeToWin Investment Group, which advises pension funds that hold Bank of America stock. "They need someone who will not only restore confidence to investors, but also repair relations with Washington. On top of that, the internal candidates are exposed here. Moynihan was Lewis's right hand man doing the Merrill deal that destroyed the bank."

Another stockholder, Houston investment firm Finger Interests Number One Ltd., sent a letter late Wednesday to fellow investors urging them to pressure the board to consider an outsider.

"Shareholders deserve a change in senior management," said Finger Interests, which added that the current management team is "tainted and not credible. There should be a credible CEO with no ties to Ken Lewis or his failed policies."

The six board members charged with finding Lewis's successor will meet for the first time this week. Three are from New England: Charles Gifford, [CVS](#) Caremark Corp. chief Thomas Ryan, and [NStar](#) CEO Thomas May. They were directors of FleetBoston Financial when it was acquired by Bank of America, which may benefit Moynihan, who worked under them at Fleet.

Several other Bank of America executives, including chief risk officer Gregory Curl, 61, and Sallie Krawcheck, a well-known Wall Street executive who was recently appointed the company's head of wealth management, are also considered candidates.

Among outsiders whose names have been floated by bank analysts and others following the Lewis succession are former Bank of America executives Alvaro de Molina, who now runs GMAC Financial Services, and James Hance, who was chief financial officer.

Several former CEOs of other large banks have also been named: Alan Schwartz from [Bear Stearns Cos.](#), Robert Steel from [Wachovia](#), and Jerry Grundhofer from [US Bancorp](#). Another top name is [American Express Co.](#) president Alfred Kelly, who is leaving the company next spring after concluding he would not become AMEX's chief executive in the near term.

Other possible contenders include [PNC Financial Services Group](#) senior vice chairman William Demchak; former [Freddie Mac](#) chief executive David Moffett; and several JP Morgan Chase & Co. executives, co-CEO William Winters; Charles Scharf, who runs the bank's retail operations; and Heidi Miller, who runs the firm's treasury and securities unit.

The new CEO "doesn't need to be a technical expert. It needs to be a leader" who can help all the bank's divisions work together, said Paul Herrerias of executive recruiter Stanton Chase International.

Clayton S. Rose, former vice chairman of JPMorgan Chase, said it's vital Bank of America find someone with credit and lending experience who will clean up the balance sheet.

"Dealing with the past issues and looking forward, a CEO who doesn't understand credit is going to be at a serious disadvantage," said Rose, a senior lecturer at Harvard Business School.

But Rose also understands the value of having an outsider come in for an interim period. "You'd want someone in the CEO role who can provide the board and the government with an objective assessment of internal candidates," he said.

Bank of America has said it would name a successor by the time Lewis leaves at the end of the year. It's also possible the company could name a temporary CEO if he leaves sooner.

Several legal and recruitment specialists said they are astonished Bank of America's board hadn't lined up several possible successors in case Lewis was forced to resign suddenly.

"The current disarray surrounding who will take over for Ken Lewis could have been avoided had the firm practiced at least some basic or minimal succession planning," said Patricia Lenkov of Agility Executive Search LLC in New York.

Elizabeth A. Nowicki, a visiting professor at Boston University's School of Law, said it could be difficult for Bank of America to find an ideal replacement with it facing so much pressure from investigators and angry shareholders.

“The reality is that Bank of America is in a difficult position in terms of finding a new - and suitable - CEO,” said Nowicki, who specializes in corporate law and has done research on executive succession. “Any CEO signing on to Bank of America at this point will be diving headfirst into a quagmire.”

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