

# Ex-Bear Stearns Chief Risk Executive Joins U.S. Federal Reserve

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<?xml version="1.0"?> Ex-Bear Stearns chief risk executive joins U.S. Federal Reserve MARCY GORDON

WASHINGTON \_ The former chief risk officer at investment bank Bear Stearns Cos., which nearly collapsed in March, is now a senior official of the Federal Reserve division that supervises U.S. banks.

Michael Alix, who worked at Bear Stearns for 12 years and was its senior risk manager since 2006, was named a senior vice-president in the bank supervision group of the Federal Reserve Bank of New York, according to an announcement by the Fed.

In March, with Bear Stearns on the brink of bankruptcy, the Federal Reserve and Treasury Secretary Henry Paulson \_ with the involvement of chairman Ben Bernanke and New York Fed President Timothy Geithner \_ orchestrated a buyout of Bear Stearns by JPMorgan. The deal was forged with a US\$29-billion federal backstop from the Fed acting as central bank

Federal prosecutors have been investigating the conduct of Bear Stearns managers before its blowup amid the collapse of the subprime mortgage market. Prosecutors have said they expect to bring additional criminal charges against two former Bear Stearns hedge fund managers who were accused last summer of lying to investors. The eventual implosion of the defendants' hedge funds cost investors \$1.8 billion and began a domino effect that pushed Bear Stearns itself to the brink.

Alix, who was appointed by the New York Fed's board, officially assumed the senior vice-president position on Monday, the announcement said. He will be a senior adviser to William Rutledge, the executive vice president of the bank supervision division.

Alix's appointment was first reported Tuesday by blogger Scott Rothbart. New York Fed spokesman Andrew Williams didn't immediately return a phone call seeking comment.

Before becoming Bear Stearns' chief risk officer in 2006, Alix was the bank's global head of credit risk management from 1996-2006. Before that, he was credit officer and vice president at Merrill Lynch & Co.

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