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## Merrill Lynch chief leaves firm

**Merrill Lynch has parted company with its chief executive Stan O'Neal.**

The US bank said Mr O'Neal had retired with immediate effect, in a move that followed intense media speculation that the 56-year-old would be leaving.

Calls for his departure grew last week after the firm was forced to admit a \$7.9bn (£3.85bn) exposure to bad debt.

The write-off contributed to the firm posting a third-quarter net loss of \$2.3bn, its worst financial performance since 2001.

### Search committee

Merrill said board member Alberto Cribiore would now chair a search committee to find a replacement for Mr O'Neal, who had been chief executive since late 2002, and chairman since 2003.

Mr Cribiore will also serve as interim chairman.

"Mr O'Neal and the board of directors both agreed that a change in leadership would best enable Merrill Lynch to move forward and focus on maintaining the strong operating performance of its businesses," said the firm in a statement.

Merrill has yet to give any details of Mr O'Neal's severance package, but reports have suggested it could be a multi-million dollar deal.

Mr O'Neal is paying the price for Merrill's over-exposure to bad debt in the US housing market, most specifically the crisis-hit sub-prime mortgage sector.

The firm was one of the first to repackage such sub-prime housing debt into tradable securities.

As mortgage defaults in this sub-prime sector hit record highs over the past year, on the back of higher US mortgage rates, the value of these securities plummeted.

### 'Lost its way'

Analysts agreed that Mr O'Neal's departure had only been a matter of time.

"Merrill Lynch had a huge misstep in risk management, and someone needed to pay the price," said David Killian of Stonebridge Investment Partners.

"The company totally lost its way in risk management."

Mr O'Neal admitted last week that errors had been made at the company.

"I'm not going to talk around the fact that there were some mistakes that were made," he said.

Larry Fink, chairman and chief executive of investment management group BlackRock, is said to be a frontrunner to replace Mr O'Neal, who had been with Merrill for 21 years.

Mr O'Neal is the grandson of a former slave whose father moved his family from the cotton fields of Alabama to Georgia when he was young.



Stan O'Neal had been in the top job for five years

**"Merrill Lynch had a huge misstep in risk management, and someone needed to pay the price"**

David Killian, Stonebridge Investment Partners

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He began his career at General Motors. His ability was spotted and he was sent to study at the firm's institute where he gained a degree in industrial administration.

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Mr O'Neal later graduated from Harvard with a degree in business administration.

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