



## Barney Frank changes tune on reform

Backs dual roles for Bank of America boss

*By: Jordan Graham, Joe Dwinell Friday, September 18, 2015*

Former U.S. representative and erstwhile banking reformer Barney Frank is coming under fire for backing Bank of America's push to let its chief keep its two top jobs, as angry shareholders and Wall Street analysts argue the financial colossus needs an independent chairman to provide checks and balances to the CEO.

The bank, the nation's second largest, has already appointed CEO Brian Moynihan chairman, and is now asking shareholders to bless the promotion in a vote slated for Tuesday. In 2009, shareholders voted to require the company give the jobs to two different people, but the current board of directors overturned that decision.

Frank has thrown his support behind the bank's effort to allow Moynihan to stay in both roles, a move many critics say would strip away key oversight.

"Nothing surprises me with the ability of politicians to change their mind and change their strategy and even overturn their explicitly stated doctrines," said Fredric Russell, founder and chief executive of Fredric E. Russell Investment Management Company. "I am disappointed in Barney Frank."

Separation of the chairman and chief executive jobs was one of the key components of the Dodd-Frank bill, which sought to reform the runaway financial industry after the Great Recession. Dodd-Frank does not explicitly ban companies from giving both jobs to one person, but says they must disclose it if they do.

Frank, who sits on the board of Signature Bank in New York, told the Herald he was asked by a Newton neighbor to back Moynihan, and that the onus should be on regulators, not company management, to promote reform and good corporate governance.

"I'm not working for them. They don't pay me for anything. I haven't said I would vote to keep Brian Moynihan in both jobs," he said, adding he was asked to give his opinion about keeping both jobs as a "general principle."

Mike Mayo, an analyst with CLSA who will be voting no on the proposal, said Frank's reasoning is all wet.

"That is a ridiculous statement when it comes to governance — the first line of defense should be management and the board," Mayo said. "It's just ludicrous."

"The Bank of America board has made a mockery out of governance," Mayo said. "This is some of the worst board behavior at a large bank we've seen since before the financial crisis."

Linda Henman, a leadership consultant and founder of Henman Performance Group, said, "When you have the chairman, who's in charge of the board, also running the company, you have nobody looking at who's running the company. The CEO is not going to go to the board and say, 'I need to be fired.'"

A Bank of America representative did not respond to requests for comment.



U.S. Rep Barney Frank  
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