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Fischer to Sell Assets to Join Fed

By Joshua Zumbrun - Feb 6, 2014

Stanley Fischer, the nominee for vice chairman of the Federal Reserve, disclosed assets of as much as \$56.3 million and said he would sell his shares of financial companies including BlackRock Inc. if he is confirmed.

While Fischer has spent much of his career as an academic and government official, he served as vice chairman of Citigroup Inc. from 2002 to 2005 and amassed a personal fortune of between \$14.6 million and \$56.3 million, a sum that would make him one of the wealthiest Fed officials. The nominees value their assets in ranges, making a precise tally impossible.

Fischer and his wife will sell holdings in nine companies, such as American Express Co., T. Rowe Price Group Inc. and General Electric Co., if the former governor of the Bank of Israel wins Senate confirmation, according to documents filed with the Office of Government Ethics.

“After confirmation but before I assume the duties of the position of Federal Reserve Governor, I will divest my interests” in the companies, Fischer wrote.

The disclosures are required as part of Fischer’s confirmation to become the central bank’s No. 2 official under Chairman Janet Yellen. The Fed supervises bank holding companies and those financial firms deemed to be vital to the health of the financial system.

“If he’s going to sell all his financial stuff, whether it’s regulated by the Fed or not, that’s erring on the side of caution and probably going beyond what he’s required to do,” said Mark Calabria, the director of financial regulation studies at the Cato Institute in Washington and a former banking committee staff member. “If I were at the Fed I’d probably try to get rid of that stuff, too.”

Banking Committee

The Senate Banking Committee will probably hold a hearing to consider Fischer’s nomination during the final week of February, according to a committee aide. Fischer will be considered alongside Lael Brainard, a former Treasury under secretary, and current Fed Governor Jerome Powell, who has been nominated for a second term.

Powell and Brainard have both already been through the confirmation process. Powell is currently the wealthiest Fed governor with assets of more than \$20 million, according to previous disclosures. Yellen disclosed assets valued between \$4.8 million and \$13.3 million during her confirmation process.

Among Fischer's holdings are the Citigroup Employee Fund of Funds in which he holds \$100,000 to \$250,000. Fischer also has holdings of \$1 million to \$5 million in the Blenheim Fund, according to the documents. Both holdings will be divested if Fischer is confirmed.

Real Estate

His largest single holding is residential real estate in New York City, valued between \$5 million and \$25 million. Fischer earned between \$100,000 and \$1 million in rent on the property, according to the disclosures. Fischer, who was born and raised in modern-day Zambia and Zimbabwe, also owns property in Bulawayo, Zimbabwe.

Fed spokeswoman Michelle Smith didn't respond to a request for comment.

Until June, Fischer, 70, was the leader of the Bank of Israel. Since stepping down, he has hit the speaking circuit and earned about \$283,000 in speech fees since August, according to the disclosures.

Fischer's speaking fees ranged from about \$60,000 to Nykredit, a financial institution in Copenhagen, Denmark, to \$50,000 for a speech to Barclays Plc, to \$2,000 for a speech at the RAND Corporation.

Upon joining the Fed, Fischer said he will also resign his positions with the Peterson Institute for International Economics, the Blavatnik School of Government at the University of Oxford, and the Council on Foreign Relations.