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## UPDATE 1-NY Fed bank supervision head to retire at year-end

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(Updates with comments, background)

By Kristina Cooke

NEW YORK (Reuters) - The Federal Reserve official charged with keeping an eye on the biggest banks on Wall Street will retire at the end of the year, leaving a role that drew criticism during the financial crisis as the U.S. central bank prepares for an expanded regulatory role.

William Rutledge, head of bank supervision at the New York Federal Reserve Bank, announced his retirement on Thursday. The move comes a day after President Barack Obama signed a financial regulatory overhaul into law that gives the Fed the mandate to spot risks to the [entire financial system](#).

Rutledge called the passage of the regulatory reform bill an "important milestone" and said it was the "right time to pass the torch."

Rutledge, 61, described by peers as calm and unflappable, joined the New York Fed in 1974 and has been head of bank supervision for more than a decade.

His unflappability served him well during the crisis and the public ire that followed, friends say.

The New York Fed came under fire in Washington for failing to spot warning signs ahead of the worst financial crisis since the Great Depression. The Fed itself, under Governor Daniel Tarullo, the central bank's point man on regulatory issues, has been revamping its supervisory practices.

"Hopefully this is the beginning of a little house-cleaning at the New York Fed," said Mark Calabria, director of financial regulatory studies at the Cato Institute, who has blasted the most powerful regional central bank for being asleep at the wheel.

The New York Fed has historically been charged with overseeing some of the nation's largest [banks](#).

But Ernest Patrikis, a former top official at the New York Fed, said not all the criticism of the bank supervision team is fair.

"Most of the worst offenders in the crisis, such as AIG, Wachovia and Countrywide, were not under the New York Fed's purview," said Patrikis, now a partner at law firm White & Case.

In a statement, New York Fed President William Dudley highlighted Rutledge's role in developing supervisory reviews that look across the banking system, which he said were "a critical building block" for the bank stress tests regulators undertook during the crisis.

The U.S. stress tests last year were widely seen as successful in helping rebuild market confidence in financial firms.

Dudley said Rutledge also played a major role in improving coordination between regulators both domestically and internationally.

"He has led his staff through an incredibly stressful time. Some of the regulators literally slept at the office night after night at the height of the crisis," said Eugene Ludwig, chief executive of Promontory Financial Group and a former US Comptroller of the Currency, who has worked with Rutledge on international [financial](#) regulation.

"He's seen the New York Fed through the financial crisis and the legislation, and now a new chapter is opening."

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