

LARRY FINK AND HIS BLACKROCK TEAM POISED TO TAKE OVER HILLARY CLINTON'S TREASURY DEPARTMENT

BlackRock is the world's largest asset management firm, and Fink has assembled a veritable shadow government full of former Treasury Department officials there.

David Dayen

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Goldman Sachs paid Hillary Clinton \$675,000 for three speeches, but an even bigger Wall Street player stands ready to mold and enact her economic and financial policy if she becomes president.

BlackRock is far from a household name, but it is the largest asset management firm in the world, controlling \$4.6 trillion in investor funds – about a trillion dollars more than the annual federal budget, and five times the assets of Goldman Sachs. And Larry Fink, BlackRock's CEO, has assembled a veritable shadow government full of former Treasury Department officials at his company.

Fink has made clear his [desire to become treasury secretary](#) someday. The Obama administration had him on the [short list](#) to replace Timothy Geithner. When that didn't materialize, he pulled several members of prior Treasury Departments into high-level positions at the firm, which may improve the prospects of [realizing his dream](#) in a future Clinton administration.

And his priorities appear to be [so in sync](#) with Clinton's that it's not entirely clear who shares whose agenda.

Clinton, for her part, has [refused to rule out](#) a treasury secretary drawn from Wall Street.

Fink's ready-made team available for a move from Wall Street to Washington includes:

- **Christopher Meade**, former [general counsel](#) at the Treasury Department, who now serves [in a similar capacity](#) at BlackRock. Meade spent 2010 to 2015 at Treasury, with the last three years as general counsel.
- **Katheryn Rosen**, a [managing director](#) at BlackRock, who cut her teeth in government as a senior policy adviser to Barney Frank on

the House Financial Services Committee, helping to write Dodd-Frank. Frank is an [adviser to the Clinton campaign](#). Rosen went from Frank's office to a deputy assistant secretary position at Treasury in February 2011, working to build the Financial Stability Oversight Council, the Treasury-led super-regulator monitoring systemic risk. Prior to government work, Rosen spent 14 years as a managing director with JPMorgan Chase.

- **Kendrick Wilson**, a [vice chairman at BlackRock](#) since 2010 who has ties to Goldman Sachs, Lazard, and the Treasury Department. He advised Treasury while it [managed the financial crisis and its fallout](#) in 2008 and 2009, before coming to BlackRock. At Treasury, Wilson [brought his experience](#) advising financial institutions to carry out hastily arranged crisis-era deals, like the merger of Bank of America and failed subprime lender Countrywide.
- **Michael Pyle**, who was a [senior adviser](#) to Lael Brainard when she served as undersecretary to the Treasury for international affairs; he also worked at the White House for the National Economic Council and the Office of Management and Budget. He worked as a [director at BlackRock](#) until at least [October 2015](#), though he apparently is now an [economic policy adviser](#) to the Clinton campaign.

Fink's most telling hire, however, is Cheryl Mills, arguably Clinton's most trusted confidante. Mills was Clinton's chief of staff at the State Department, was deputy White House counsel in the Bill Clinton administration, and is on the board of directors of the [Clinton Foundation](#). Fink [hired Mills](#) for the BlackRock board of directors in October 2013, in what observers mused was a ploy to [insinuate himself](#) into the Clinton inner circle.

Among other BlackRock officials with ties to Clinton: Senior Managing Director [Matthew Mallow](#) is a "Hillblazer" who has helped raise \$100,000 or more in donations. Clinton [held a fundraiser](#) earlier this

month at Mallow's New York City home. There is [no indication](#) of Fink himself contributing financially to the Clinton campaign.

It's worth considering how Fink's recent experiences might inform his approach at Treasury. Asset management firms invest pools of money into securities on behalf of their clients, which in BlackRock's case include 94 of the Fortune 100. They don't issue securities themselves; they just buy stuff.

Asset managers don't package and sell dodgy financial products like investment banks, and don't trade with borrowed money like hedge funds, so they are typically viewed as more restrained and less averse to regulation than their colleagues in those related industries.

But they are embedded in the broader financial system as voracious buyers of securities. For example, BlackRock holds major share amounts in nearly every mega-bank, takes funds from scores of Wall Street investors, and manages a majority of the [federal government's bailout programs](#). They may not create the risk, but they own a lot of it. Fink, who co-created the mortgage-backed security while a trader at First Boston in the 1980s, is a longtime respected figure on Wall Street; Geithner [reportedly used him](#) as a conduit between Treasury and the financial industry.

He also knows how to work the levers of power to achieve his ends.

Whether buy-side firms like BlackRock represent a systemic risk to the financial system is the subject of [some debate](#). Some believe asset managers could trigger problems by failing to pay off counter-parties, or being forced into a fire sale of their assets.

But Fink and BlackRock pushed hard to successfully [resist the designation](#) of asset managers as systemically important financial institutions

(or SIFIs), which would be subject to additional regulation like larger capital requirements.

Fink also [opposes efforts](#) to reinstitute the Glass-Steagall firewall between investment and commercial banks, as does Clinton.

In fact, Fink's views on Wall Street are so similar to Clinton's that it's hard to see that as a coincidence. Most notably, Clinton's financial reform plan is mute when it comes to regulating asset management firms as SIFIs.

Fink has in recent months stressed an end to "[short-termism](#)" in the financial markets. For example, he wants to [limit share buybacks](#) that pump up stock prices, and encourage investors to hold stock longer, to focus on long-term corporate performance. Clinton has [mirrored this language](#) to such a degree that the *New York Times*' Andrew Ross Sorkin [suggested](#) that Clinton "could have been channeling Laurence D. Fink."

While the call to end short-termism is in some ways laudable, in Fink's case it certainly reflects his self-interest. Clinton's tax plan, for example, would keep capital gains rates higher for short-term holdings and decrease the rate for investors who hold assets over five years. Because BlackRock buys and holds most of its investments, any policy favoring long-term strategies in the markets would improve the firm's bottom line.

Victor Fleischer, a leading tax lawyer and professor at the University of San Diego, [questioned Clinton's embrace](#) of the short-termism argument in the *New York Times* earlier this month, saying it would "do little to address top-end income inequality," since plenty of wealthy people buy and hold. And Fleischer explicitly worries that the short-termism idea originated from Fink. "I find it hard to shake the feeling that at the end of the day, in a Clinton administration, it would be Larry Fink, not the technocrats, calling the shots," Fleischer wrote.

Fink has also [promoted the privatization](#) of Social Security, while mocking the idea of retiring at 65, which is easy for a business executive who sits at a desk all day to say, rather than working on an assembly line or as a waiter. Fink owes his initial backing at BlackRock to [Pete Peterson](#), the former commerce secretary who has been at the forefront of the campaign to cut or privatize Social Security. He sat on the [steering committee](#) of the Campaign to Fix the Debt, a stalking horse for Peterson's ideas.

While Clinton has [adamantly pledged](#) not to cut or privatize Social Security benefits, Fink's track record would cause concern among advocates, were he to obtain a cabinet post. And having a ready-made team of trusted advisers who know their way around the Treasury building and the players in a potential Clinton West Wing can only help Fink in that campaign.

Top photo: Larry Fink speaks at the Council on Foreign Relations in New York in 2012.

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