

Bloomberg

Citadel Securities Head D'Souza Leaves After a Year

By Saijel Kishan, Katherine Burton and Bradley Keoun
10-29-2009

Rohit D'Souza, a former Merrill Lynch & Co. executive hired a year ago by Citadel Investment Group LLC to build an investment bank and brokerage, is leaving the hedge-fund firm.

D'Souza's departure date has not been set, spokeswoman Katie Spring said in a telephone interview today. Patrik Edsparr will take over the securities unit, Spring said.

D'Souza has hired 70 bankers, sales representatives and traders to create a securities firm as Citadel aims to fill a void left by last year's collapse of Bear Stearns Cos. and Lehman Brothers Holdings Inc. Citadel is the first hedge-fund company to expand into advisory and brokerage services to institutional investors, vying to take market share from firms such as Goldman Sachs Group Inc. and Morgan Stanley.

"It raises the question of stability of the business and increases their difficulty to attract highly talented professions," said Robert Olman, president of Alpha Search Advisory Partners, a recruitment firm based in Roslyn, New York.

At least six senior executives have left Citadel since the beginning of 2008, including Mikhail Malyshev, the firm's former global head of high-frequency trading who helped make \$1 billion last year when Citadel's biggest funds lost 55 percent.

Joe Russell, head of U.S. fundamental credit, Matt Andresen, who was co-head of Citadel's derivatives group, and Jason Lehman, who was ran Citadel's global options business, all left in the past year.

Losing Executives

Citadel plans to start trading bank loans and high-yield bonds and hired loan trader Mike Weir from Morgan Stanley, according to a person familiar with the matter. Citadel sought unsuccessfully to hire four members of Barclays Capital's loan sales and trading team for the effort in August.

Griffin, 41, approached D'Souza in May 2008, a month after he quit Merrill. The Mumbai native had spent four years at what was once the world's largest brokerage, where he ran its global equity-trading business. There he oversaw the modernization of the firm's automated-trading systems and added a propriety trading desk. In 2007, his division made the most revenue, a record \$8.29 billion, within Merrill's investment bank.

D'Souza left the firm in April 2008 after a rift with then Chief Executive Officer John Thain who had planned to install another senior trading executive over him. Before Merrill, D'Souza was at Morgan Stanley for eight years, where he ran its North American equity trading business. He previously worked for Investment Technology Group, a brokerage and financial technology firm in New York.