Ten Years After the Bear Stearns Bailout, Nobody Thinks It Would Happen Again

Key players have spent the last decade arguing about what was done, defending past decisions and wondering how such a crisis would play out today

By Justin Baer and, The Wall Street Journal - Updated March 13, 2018

Former New York Fed President Timothy Geithner, JP Morgan CEO Jamie Dimon, former Treasury Secretary Henry Paulson and former Bear Stearns CEO Alan Schwartz.

A major investment bank careens toward bankruptcy. It has $400 billion in assets, 85 years of history and deep ties to every major bank on Wall Street. As word of its troubles spreads, a run begins, sending its stock plummeting.

Ten years ago Wednesday, that was Bear Stearns Cos., a once-storied firm whose excessive leverage had helped put it on the brink. The Federal Reserve tried to limit the damage with extraordinary actions, first extending the firm credit before forcing it into a hasty weekend shotgun marriage to JPMorgan Chase & Co., with $29 billion in assistance.

It was the first time the Fed had intervened with a noncommercial bank since the Great Depression. “Industry participants didn’t want to see Bear Stearns go down, and they didn’t want to see others go down,” says Alan Schwartz, then Bear’s chief executive.

Bear Stearns employees, left, watched protesters in the firm's headquarters lobby in March 2008. Housing activists, right, were protesting the government-backed bailout and sale of the investment bank.

Today, those involved with the unprecedented Bear bailout agree it only temporarily staved off a broader meltdown. Its fall was one of the first dominoes in a downturn that months later engulfed all of Wall Street, causing stocks to shed nearly half their value, Lehman Brothers Holdings Inc. to go bankrupt, Merrill Lynch & Co. to sell itself to Bank of America Corp. for $50 billion and American International Group Inc. to take a $182 billion bailout.

The debates endure—on everything from the causes of the crisis to the government’s response. Key players in the bailout, many of whom remain in finance, have spent the last decade arguing about what was done, defending decisions made then and wondering whether it could happen again. The consensus: It would be unlikely for another big firm to get into such trouble, or for the government to orchestrate such a bailout.

Bear, like its rivals across Wall Street, had been struggling with losses from securities tied to mortgages. In the end, though, Bear, which relished its reputation as a scrappy band of outsiders, collapsed because clients and lenders had lost confidence.

Vast amounts of regulatory scaffolding have been erected to try to make sure a firm couldn’t ever get into such a situation. There are elaborate crisis-communication plans, tougher capital requirements and “living will” playbooks that are supposed to be followed if a big bank approaches collapse.

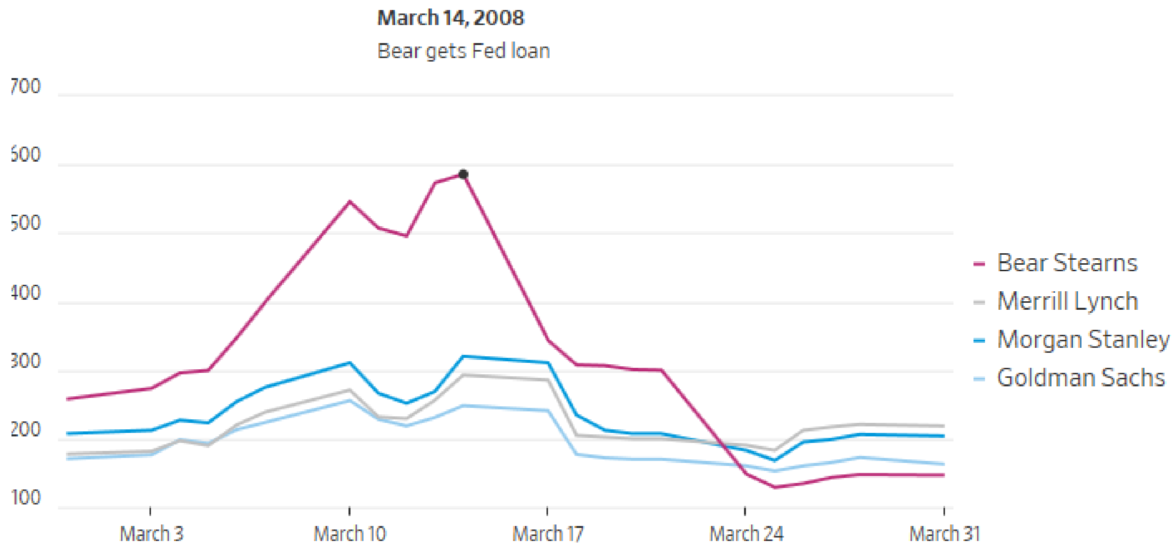
The Wall Street Journal spoke with many of the central players that week a decade ago, including then New York Fed President Timothy Geithner and Treasury Secretary Henry Paulson, JPMorgan deal maker Steve Black and Bear’s Mr. Schwartz.

Risk Factor

The March 2008 run on Bear Stearns sharply raised the premium that investors in the major U.S. investment banks paid to protect against potential defaults.

Ten-year credit-default swaps in March 2008

Note: CDS of 500 basis points reflects a cost of $500,000 a year to protect $10 million of debt.
Source: Thomson Reuters



Fed Races to Rescue Bear Stearns In Bid to Steady Financial System

Storied Firm Sees Stock Plunge 47%; J.P. Morgan Steps In

By Kate Kelly, Greg Ip and Robin Sidel

On the Brink: Bear Stearns's shares have plunged amid the global credit crunch.

Source: WSJ Market Data Group

Credit turmoil spread to the heart of the U.S. financial system as Bear Stearns Cos., an 85-year-old institution that has survived the Depression and two world wars, sought and received emergency funding backed by the federal government.

In an extraordinary move, the Federal Reserve and J.P. Morgan Chase & Co. stepped in to keep Bear afloat following a severe cash crunch.

The maneuver signaled that the Fed was trying to move aggressively to prevent Bear's crisis from spreading to the piecemeal, in a matter of days, to prevent it from going under. Bear, the fifth-largest investment bank, said it has retained investment bank Lazard to weigh alternatives. Those alternatives "can run the gamut," Bear Chief Executive Alan Schwartz said in a conference call.

Possible buyers, according to a person close to Bear, include J.P. Morgan and hedge fund Citadel Investment Group, which recently bought a big stake in online brokerage firm E*Trade Financial Corp. Private-equity firms also are expected to take a

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The Bear Bailout

- Who else might be at risk. B1
- Valuing what's left. B1.
- Echoes of the past. B3.

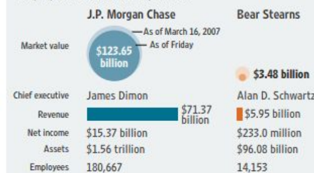
J.P. Morgan Buys Bear in Fire Sale, As Fed Widens Credit to Avert Crisis

Ailing Firm Sold For Just $2 a Share In U.S.-Backed Deal

By Robin Sidel, Dennis K. Berman, and Kate Kelly

Bear and Its White Knight

Company financials for fiscal year 2007



Note: Bear Stearns' fiscal year ended Nov. 30
Sources: the companies; WSJ Market Data Group (market value)

Pushed to the brink of collapse by the mortgage crisis, Bear Stearns Cos. agreed—after prodding by the federal government—to be sold to J.P. Morgan Chase & Co. for the fire-sale price of $2 a share in stock, or about $236 million.

Bear Stearns had a stock-market value of about $3.5 billion as of Friday—and was worth $20 billion in January 2007. But the crisis of confidence that swept the firm and fueled a customer exodus in recent days left Bear Stearns with a horrible choice: sell the firm—at any price—to a big bank willing to assume its trading obligations or file for bankruptcy.

"At the end of the day, what Bear Stearns was looking at was either taking $2 a share or going bust," said one person involved in the negotiations. "Those were the only options."

To help facilitate the deal, the Federal Reserve is taking the extraordinary step of providing as much as $30 billion in financing for Bear Stearns's less-liquid assets, such as mortgage securities that the firm has been unable to sell, in what is believed to be the largest Fed advance on record to a single company. Fed officials wouldn't describe the exact financing terms or assets involved. But if those assets decline in value, the Fed would

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Central Bank Offers Loans To Brokers, Cuts Key Rate

Historic Steps

By Greg Ip

The Federal Reserve announced one of the broadest expansions of its lending authority since the 1930s in an effort to stem a credit crisis that is engulfing the financial system and threatening a deep recession.

For the first time securities dealers, effective today and for at least the next six months, may borrow from the Fed on much the same terms as banks. The Fed also lowered the rate charged on such borrowings from what's known as its dis-

Never Again

Veteran Wall Street lawyer Rodgin Cohen, who helped shape the deal for Bear Stearns, says that if a crippled firm were on the brink today, none of its peers would arrive with a rescue. "Nobody will ever again buy a severely troubled institution," he says. "Period."

Many officials in Washington feel another bailout is just as unlikely. In November, a U.S. senator pressed future Fed Chairman Jerome Powell on whether big banks are still "too big to fail."

"I would say no," Mr. Powell answered.

Yet the new policies for dealing with such crises are untested. Moreover, anger over the public cost of bailing out banks has meant tying the hands of Washington in ways that reduce the sort of improvisation that took place in 2008.

If a large institution got into dire straits, “I believe they would try to allow it to fail,“ says Mr. Black, the former JPMorgan executive who helped broker the Bear deal. ”But if, all of a sudden, the entire dam burst, they might be forced to take a different path."

JPMorgan CEO Jamie Dimon, left, and Bear Sterns CEO Alan Schwartz appeared before a Senate Committee on Banking, Housing, and Urban Affairs hearing in April 2008.

Risk hasn’t vanished from finance. There has been a boom in private credit markets, cryptocurrency exchanges and leveraged-volatility exchange-traded products. At the same time, American consumer debt continues to surge: credit cards, car loans and student debt. Much of the mortgage market—the culprit in the crisis a decade ago—has moved outside the banking system altogether.

Today, Mr. Geithner serves as president of New York private-equity firm Warburg Pincus. At the New York Fed and later as Treasury secretary, Mr. Geithner shaped defenses he says now make the financial system better able to absorb shocks. But he says he regrets he was unable to persuade others to preserve the government’s authority to backstop the financial system.

In Dealing With Bear Stearns, Wall Street Plays Guardedly

HEARD ON THE STREET

By Kate Kelly, Serena Ng, and Jenny Strasburg

WALL STREET has every interest in making sure that **Bear Stearns** Cos. is healthy. But hedge funds and traders also are trying to protect themselves.

Bear executives say that they are in no danger of a cash crunch and that the company’s capital remains more than adequate. But in a sign of how skittish Wall Street has become in recent months, the New York investment bank is facing increasingly tough trading conditions.

Traders handling certain long-term transactions, such as credit-default swaps, said they are being extra cautious when Bear is the counterparty. In some cases, traders are seeking higher-ups’ permission before acting.

In addition, some clients of rivals like like **Goldman Sachs Group** Inc., **Morgan Stanley**, **Credit Suisse Group** and **Deutsche Bank** AG have asked those firms to be counterparties to Bear in completed transactions. Such a move frees clients from exposure in the event a firm can’t cover its obligations on a trade.

Some hedge funds that use Bear as a prime broker also have been shifting portions of their business to other firms in recent weeks, according to hedge-fund managers and consultants who help pension funds and wealthy people choose where to place their money. A similar shift occurred last summer, but Bear soon recovered much of the lost business.

This week, the cost of a five-year policy to protect against default on $10 million of Bear’s debt skyrocketed to a record of about $655,000 per year—two or three times as much as for rivals, and up from around $300,000 two weeks ago. That cost declined yesterday to $580,000, according to data from Phoenix Partners Group. For **Lehman Brothers Holdings** Inc., the same coverage costs $365,000.

Tuesday, Bear shares sank to a five-year low even as the market rallied on news that the Federal Reserve would improve investment banks’ access to liquidity. In 4 p.m. New York Stock Exchange composite trading yesterday, Bear fell $1.39, or 2.2%, to $61.58; it had traded up, hitting an intraday high of $67.82.

In an interview, Bear Chief Financial Officer Samuel Molinaro said there is no truth to speculation of deep trouble at the firm, which suffered the implosion of two mortgage hedge funds last summer. “We’ve been hearing rumors of all kinds of different issues surrounding our liquidity,” he said.

Other securities firms, hedge funds and other investors said they are continuing to do trades with Bear. No hedge-fund clients serviced by Bear’s prime-brokerage unit, which lends capital and facilitates trades, have been unable to redeem cash, Mr. Molinaro added.

Samuel Molinaro

Bear President and Chief Executive Alan Schwartz went on CNBC yesterday as a confidence-boosting measure. Mr. Schwartz said the effect of rocky market conditions is being exacerbated by baseless speculation. “Our balance sheet has not weakened at all,” he said. Monday, Mr. Schwartz wrote in a release that the firm’s “balance sheet, liquidity and capital remain strong.” Since last summer, Bear has replaced much short-term funding with long-term funding.

According to Wall Street executives,

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Bear CEO’s Handling Of Crisis Raises Issues

Cayne on Golf Links, 10-Day Bridge Trip Amid Summer Turmoil

By KATE KELLY

A crisis at Bear Stearns Cos. this summer came to a head in July. Two Bear hedge funds were hemorrhaging value. Investors were clamoring to get their money back. Lenders to the funds were demanding more collateral. Eventually, both funds collapsed.

During 10 critical days of this crisis—one of the worst in the securities firm’s 84-year history—Bear’s chief executive wasn’t near his Wall Street office. James Cayne was playing in a bridge tournament in Nashville, Tenn., without a cellphone or an email device. In one closely watched competition, his team placed in the top third.

As Bear’s fund meltdown was helping spark this year’s mortgage-market and credit convulsions, Mr. Cayne at times missed key events. At a tense August conference call with investors, he left after a few opening words and listeners didn’t know when he returned. In summer weeks, he typically left the office on Thursday afternoon and spent Friday at his New Jersey golf club, out of touch for stretches, according to associates and golf records. In the critical month of July, he spent 10 of the 21 workdays out of the office, either at the bridge event or golfing, according to golf, bridge and hotel records.

Mr. Cayne evidently didn’t court business on the links, as some CEOs do. “The golf course for him was an escape,” says John Angelo, a hedge-fund client and frequent golf partner. Another golf partner, talk-show host Maury Povich, says: “Believe it or not, many words are not exchanged about business.” During the bridge event, at a time when Bear’s executive committee in New York was meeting almost daily, Mr. Cayne took part by phone, then played bridge most of the afternoon.

James Cayne

In a short interview, Mr. Cayne declined to address his performance or his focus on Bear’s summer crisis. Other Bear executives scoff at any notion that Mr. Cayne, 73 years old, isn’t fully engaged. They say he reached out to clients this summer and has led by effectively delegating responsibilities to deputies.

“Anyone who thinks that Jimmy Cayne isn’t fired up every day and ready to get to work hasn’t been living in my world,” says Alan Schwartz, Bear’s president. He notes that over Labor Day weekend, Mr. Cayne flew to China to help seal a partnership with a Beijing investment bank.

Still, Mr. Cayne’s actions amid the turmoil contrast with the hands-on roles of peers such as James Dimon of J.P. Morgan Chase & Co., Richard Fuld Jr. of Lehman Brothers Holdings Inc.

“In the extreme case, the defenses fail,” he says. “At that point, you are going to lament the weaker firefighting tools.”

Federal Deposit Insurance Corp. Chairman Martin Gruenberg says the government’s new tools make “the probability of orderly failure today significantly higher than it was during the crisis.” He won’t guarantee that they would work. “Until we actually do it, I would be cautious about making heroic statements,” he says.

Ten years ago, Bear's crisis week began with rumors of liquidity problems following steep losses from mortgage bonds. Mr. Schwartz, the CEO, phoned JPMorgan Chief Executive James Dimon to ask for a simple overnight loan. By that Thursday, Bear's lenders and clients had backed away, and the firm was running out of cash. Mr. Schwartz called Mr. Geithner for more help.

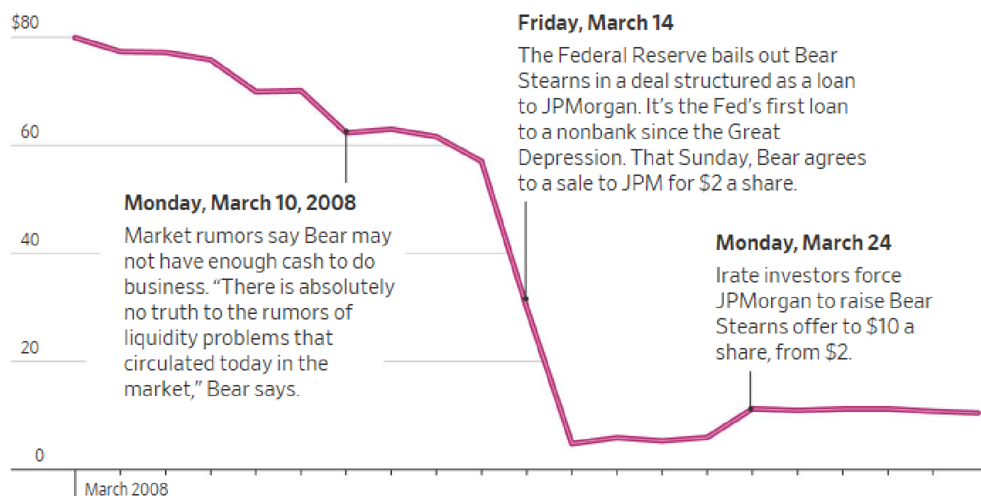
Fearing a Bear-induced panic could spread throughout the banking system, the Fed arranged a $12.9 billion emergency loan routed through JPMorgan. It ultimately agreed to purchase $29.97 billion in toxic Bear assets.

Fed help like that would be illegal today. The 2010 Dodd-Frank financial-regulation law stipulates that emergency Fed lending must be "broad-based" and cannot be "established for the purpose of assisting a single and specific company." Financial firms, like other corporations, are supposed to go bankrupt, not get bailed out.

If regulators and the Treasury secretary assert a bankruptcy would destabilize the financial system, Dodd-Frank provides a new backstop called the Orderly Liquidation Authority. The government would take over the failing firm, wiping out shareholders. After a weekend of work by federal officials, a new company, owned by creditors of the old firm, would open Monday morning. The government would be able lend money to the new company to keep the lights on while the government sells it off in pieces.

That is supposed to prevent a panic because people who had been doing business with the failing firm would know they could continue to do so, at least for a while.

What if orderly liquidation doesn't prevent a panic? In a crisis, problems at one firm can lead investors to "run" to cut their exposures everywhere. Even healthy companies can't get credit, damaging Main Street as badly as Wall Street. In that scenario, there may be little U.S. regulators can do on their own. Congress might be asked to reinstate the bailout authority it took away after 2008.



There is another risk that no amount of legislation can eradicate. In 2008, then-President George W. Bush deferred to leaders at the Fed and Treasury throughout the crisis.

"We would not have gotten through the crisis if I had a president and a boss who cared about the polls or what Congress thought," says Mr. Paulson, the Treasury secretary at the time.

Nearly everyone in charge on Wall Street today, including JPMorgan's Mr. Dimon, says they would never buy a collapsing firm like Bear.

"No, we would not do something like Bear Stearns again—in fact, I don't think our board would let me take the call," Mr. Dimon wrote in his 2014 letter to shareholders. "These are expensive lessons I will not forget."

Whether such a hands-off approach would be likely in the current political climate and with the current administration is anyone's guess.

Treasury Secretary Henry Paulson, pictured at a news conference in March 2008, pressed Bear Stearns to sell itself.

Government improvisation, at least in principle, has been replaced by a playbook. Regulators now practice handling a big firm's collapse and force bankers to prepare.

On Wall Street, some bankers have doubts about whether any government plan written on paper is fast enough in a live crisis. "Drafting big books, massive documents, having big teams—that's all a good idea," says Gary Parr, a longtime deal maker who advised Bear on its sale to JPMorgan. "But when you have a company get into a liquidity crunch, if things are going really fast, you don't have time to study a book."

On the Friday of Bear's crisis week a decade ago, the company's stock tumbled. Mr. Schwartz, the CEO, got a call from Messrs. Geithner and Paulson. They told him to make a deal to sell Bear by Sunday evening.

Mr. Schwartz heard JPMorgan might be interested, so he set up meetings. As JPMorgan bankers pored over Bear's books, they kept finding new assets that would need to be written down in value. By Saturday, the bankers believed they couldn't bid anywhere close to Bear's Friday closing price of $30 a share, according to people familiar with the matter. Mr. Black called Mr. Schwartz. "This is not a negotiating ploy," he told the Bear CEO. "We're out."

Messrs. Geithner and Paulson, however, persuaded Mr. Dimon to get a deal done by offering government support. Sunday evening, Bear's investment bankers got a call with JPMorgan's final bid: $2 per share. Bear's directors reluctantly approved the deal, which was announced to the world at 7:05 that night. (Later, JPMorgan raised its bid to $10 a share to help win shareholders' support.)

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Lost Opportunities Haunt Final Days of Bear Stearns

Executives Bickered Over Raising Cash, Cutting Mortgages

As Bear Stearns floundered beginning last summer, its share price drifted down—and then **cratered in March** as market players made a run on the bank.

By Kate Kelly

Twelve hours after agreeing to sell Bear Stearns Cos. for $2 a share, Alan Schwartz wearily made his way to the company gym for a much-needed workout.

It was 6:45 a.m., March 17, and Bear Stearns's chief executive had slept little since hammering out the ugly details of his fire-sale deal with J.P. Morgan Chase & Co.

When Mr. Schwartz, already dressed in his business suit, trudged into the locker room, Alan Mintz, still in his sweaty gym clothes, made a beeline for the boss.

"How could this happen to 14,000 employees?" demanded the 46-year-old senior trader, thrusting his face uncomfortably close to Mr. Schwartz's. "Look in my eyes, and tell me how this happened!"

THE FALL OF BEAR STEARNS
First of Three Parts

Two and a half months later, Mr. Schwartz still isn't quite sure. To Mr. Mintz and others, he has blamed a market tsunami he didn't see coming. He told a Senate committee last month: "I just simply have not been able to come up with anything, even with the benefit of hindsight, that would have made a difference."

But many who lived through the seven tense months before the deal say Bear Stearns imploded because it was at war with itself. Buffeted by the most treacherous market forces in a generation and hobbled by indecision, the firm's leaders missed opportunities that might have been able to save the 85-year-old brokerage.

Those missteps are expected to have a lasting impact beyond the people who once worked at Bear Stearns or owned its stock. Unlike Wall Street meltdowns in decades past—from Drexel Burnham Lambert Inc. to Long-Term Capital Management—the Bear Stearns collapse spurred direct intervention from the Federal Reserve. That step is likely to increase the central bank's role in solving future financial catastrophes and bring securities firms further regulation in the bargain.

As shareholders prepare to approve the deal on Thursday—at a price that angry investors forced up to about $10 a share—interviews with more than two dozen current and former Bear Stearns executives, directors, traders and others involved in the action paint the first detailed picture of the fractious last weeks before the Fed helped underwrite J.P. Morgan's purchase of the trading powerhouse.

Months before regulators pressured the firm to sell itself, nervous traders futilely begged Mr. Schwartz and his predecessor, James Cayne, to raise more cash and slash Bear Stearns's huge inventory of mortgages and the bonds that backed them.

At least six efforts to raise billions of dollars—including selling a stake to leveraged-buyout titan Kohlberg Kravis Roberts & Co.—fizzled as either Bear Stearns or the suitors turned skittish. And repeated warnings from experienced traders, including 59-year Bear Stearns veteran Alan "Ace" Greenberg, to unload mortgages went unheeded.

Top executives resisted, in part, because they were concerned the moves would upset the delicate calculus of appearances and perceptions that is as important on Wall Street as dollars and cents. If Bear Stearns be-

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The Week That Shook Wall Street: Inside the Demise of Bear Stearns

By Robin Sidel, Greg Ip, Michael M. Phillips and Kate Kelly

The past six days have shaken American capitalism.

Between Tuesday, when financial markets began turning against Bear Stearns Cos., and Sunday night, when the bank disappeared into the arms of J.P. Morgan Chase & Co., Washington policy makers, federal regulators and Wall Street bankers struggled to keep the trouble from tanking financial markets and exacerbating the country's deep economic uncertainty.

The mood changed daily, as did the apparent scope of the problem. On Friday, Treasury Secretary Henry Paulson thought markets would be calmed by the announcement that the Federal Reserve had agreed to help bail out Bear Stearns. President Bush gave a reassuring speech that day about the fundamental soundness of the U.S. economy. By Saturday, however, Mr. Paulson had become convinced that a definitive agreement to sell Bear Stearns had to be inked before markets opened yesterday.

Henry Paulson

Bear Stearns's board of directors was whipsawed by the rapidly unfolding events, in particular by the pressure from Washington to clinch a deal, says one person familiar with their deliberations.

"We thought they gave us 28 days," this person says, in reference to the terms of the Fed's bailout financing. "Then they gave us 24 hours."

In the end, Washington more or less threw its rule book out the window. The Fed, which has been at the forefront of the government response, made a number of unprecedented moves. Among other things, it agreed to temporarily remove from circulation a big chunk of difficult-to-trade securities and to offer direct loans to Wall Street investment banks for the first time.

The terms of the Bear Stearns sale contained some highly unusual features. For one, J.P. Morgan retains the option to purchase Bear's valuable headquarters building in midtown Manhattan, even if Bear's board recommends a rival offer. Also, the Fed has taken responsibility for $30 billion in hard-to-trade securities on Bear Stearns's books, with potential for both profit and loss.

The question now looming over the transaction: Has the government set a precedent for propping up failing financial institutions at a time when its more traditional tools don't appear to be working? Cutting interest rates—which the Fed is ex-

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Legal Bills

In addition to the cost of bringing the two firms together, JPMorgan was saddled with billions of dollars in legal bills and regulatory penalties. Months after the Bear deal, JPMorgan made a similar last-minute agreement to buy Washington Mutual Inc. Of JPMorgan's nearly $19 billion in legal costs from the mortgage crisis, some 70% stemmed from Bear and WaMu, Mr. Dimon wrote.

There were many other such deals in 2008. Wells Fargo & Co. bought Wachovia Corp., Bank of America Corp. acquired Merrill Lynch & Co. and Countrywide Financial Corp., and Toronto-Dominion Bank bought Commerce Bancorp. Today, many of these Wall Street executives say they feel betrayed by the government for hitting them with penalties tied to actions by firms they were pressured to acquire.

These days, a big financial firm rescuing another would also have to consider new restrictions on risk-taking. Banks today must pass regulatory tests before paying out profits to shareholders. In that environment, executives may be more reluctant to buy assets from a desperate seller.

Major changes over the past decade might give a failing firm even less time to survive than Bear had.

Today's stock market is far more driven by computer algorithms than by deal-making traders. That means the reaction to any company's struggles is likely to be quicker and more severe. Wall Street executives say that a firm like Bear might have even less time to solve its problems. MF Global Holdings Ltd., a brokerage run by former New Jersey Gov. Jon Corzine, filed for bankruptcy in October 2011 a week after a drop in its debt rating. In August 2012, a group of financial firms came to Knight Capital Group Inc.'s rescue within days of a software glitch that cost the market maker $440 million.

A two-dollar bill was taped to the revolving door at Bear Stearns headquarters in March 2008, a reference to JPMorgan's offer to buy the stricken investment bank for just $2 a share.

As the last CEO of Bear Stearns, Mr. Schwartz spent his 2½-month tenure in the top job scrambling the save the firm. He now works at asset-management firm Guggenheim Partners LLC, where was hired to jump-start the firm's nascent investment-banking business. He has found success recruiting senior Wall Street executives whose firms, like Bear, didn't survive the crisis.

The Final Days of Bear Stearns

The collapse of Bear Stearns marked a turning point for global markets and the world economy, presaging the financial crisis that would strike Wall Street six months later and rattle institutions in America and across the West for years afterward.

3/10 Market rumors say Bear may not have enough cash to do business. "There is absolutely no truth to the rumors of liquidity problems that circulated today in the market," Bear says. The company's shares fall 11% to $62.30.

3/11 The Federal Reserve promises to lend up to $200 billion to investment banks to counter liquidity concerns. Traders at Goldman Sachs, Morgan Stanley, Credit Suisse and other firms begin to back away from Bear trade requests. Bear shares rise 1% to $62.97.

3/12 Bear CEO Alan Schwartz goes on CNBC to reassure investors his company has enough liquidity and he is "comfortable" it turned a profit in the fiscal first quarter. Bear shares drop 2% to $61.58.

3/14 Fears of a run on Bear Stearns intensify as Wall Street executives ignore the firm's claims that it can weather a storm that began in the faltering U.S. mortgage market. Bear shares drop 7% to $57.

3/15 The Federal Reserve bails out Bear Stearns in a deal structured as a loan to JPMorgan, a bid to halt a run on the company and broker an orderly sale. It's the Fed's first loan to a nonbank since the Great Depression. Bear shares tumble 47% to $30 each. Bear's statement on agreement.

3/16 Bear agrees to a sale to JPM for $2 a share, saving the financial system from a disorderly liquidation of a large dealer in securities and derivatives.

3/17 Bear Stearns shares plunge 84% to $4.81, more than double the stated purchase price but down more than 90% from their level just weeks earlier. Bear employees, many of them shareholders, are outraged at the decimation of their shareholdings in the final days of the company.

3/23 Irate investors force JPMorgan to raise Bear Stearns offer to $10 a share, from $2.