“I consider one of my most important jobs to be chief risk officer of our firm,” Mr. Corzine told that conference.

Yet soon after joining MF Global, Mr. Corzine took an effort to build a risk system, a much-needed overhaul, according to former employees. (A person familiar with Mr. Corzine’s thinking said that he saw the trade, but that the system being proposed was “unduly expensive” and was focused in part on things the firm didn’t trade.)

While at E*Trade, the firm had been sharply increased with the bet on European sovereign debt, there was a compelling argument for Mr. Corzine’s strategy.

MF Global had retained loans to buy debt of Italy, Ireland and other troubled European nations, while simultaneously pledging the bonds as collateral to support the loans. The loans would come due when the bonds matured, which would happen no later than the end of 2012. MF Global, Mr. Corzine reckoned, would profit on the spread between the interest paid on the loans and the coupons earned from the bonds.

But the size of the European position was making the top risk officers, Michael Roseman and Talia Chaudhry, increasingly uncomfortable by late 2010, according to people familiar with the situation. They pushed Mr. Corzine to seek approval from the board if he wanted to expand it.

Mr. Roseman then gave a PowerPoint presentation for board members, explaining the sovereign debt, as Mr. Corzine sat several feet away. The presentation made clear the risks, which hinged on the nations not defaulting or the bonds losing so much value they caused cash squeeze. The directors approved the increase. Mr. Roseman eventually left the firm.

Within MF Global, Mr. Corzine welcomed discussion about his bet and his reasons for it, though some senior managers said they feared confronting such a prominent figure. Those who did challenge him recall making little progress. One senior trader said that each time he addressed his concerns, the chief executive would nod with understanding but do nothing.

These concerns were only internal at first because, while MF Global had disclosed the existence of the transactions in at least one filing, it never mentioned the extent to which they were used to finance the purchase of European debt.

The firm bought its European sovereign bonds making use of an arcane transaction known as repurchase-to-maturity. Repo-to-maturity allowed the company to classify the purchase of the bonds as a sale, rather than a risky bet subject to the whims of the market. That called to mind an earlier era of trading when firms used repo-to-maturity to finance the purchase of risk-free assets like United States Treasury bills. Mr. Corzine’s specialty at Goldman many years earlier.

“It’s like a bond trader from 15 years ago went into business and suddenly woke to like trade these trades,” one regulator who later reviewed the transactions remarked to a colleague.

Eventually, MF Global’s auditor, PricewaterhouseCoopers, asked Mr. Corzine to report the European debt exposure to his investors. He personally met with the accountants on December 20, 2010, two people said, and it was agreed that the transactions would be mentioned in a footnote in the firm’s annual report, which was filed on May 20, 2011.

Mr. Speaker, I thank you very much for the time this evening, I thank my colleagues and those who are listening, and I yield back my remaining time.