

MERRILL LYNCH

IN THE FALL OF 1956, I was hired as a trainee at Merrill Lynch. I had picked Merrill over Blyth & Company, a prestigious investment banking firm. Blyth, which underwrote the initial offering of the Ford Motor Company, was one of those Waspy, white shoe, all Yale-Harvard places.

I chose Merrill because its training program lasted only nine months, whereas Blyth's lasted two years. I've always been practical. In addition, the pay at Merrill was \$25 a month more than at Blyth — that's even more practical.

The training program was at Merrill's headquarters, 70 Pine Street in Manhattan. Now I had a new band of brothers. My class had thirty-five members — thirty-four men and one woman. The woman was Irene Deice, a lovely Swiss. She and I studied together. One day she told me she was pregnant. I did not do it; I swear I did not do it. But she asked me for help. She wanted to get an abortion in New Jersey, but she didn't want to go by herself. I took her to an abortionist, which back then was not only shrouded in mystery but also illegal. Because of my befriending her, I ended up her boyfriend. She was in New York for a three-month training program so ours was a brief fling. Then she went back to Switzerland, probably to the guy who got her pregnant.

Two other people in my class were Ed Touhey, who has remained a close friend, and John Hemingway, son of Ernest Hemingway.

BULLISH ON LIFE

The Merrill Lynch training experience was pleasant. I was really in the working world, and I was loving it. I earned \$425 a month, which at the time was good pay. In the Navy, I'd had a lot of perks but made only about \$250 a month as an officer.

While in the Navy, I'd bought my first car, a secondhand 1936 Ford. It was black with a rumble seat, and I paid \$175 for it. But now that I was living in New York, where you didn't really need a car, I sold it. To this day, I don't use a car in New York.

The academic side of the training program lasted three months. It was almost like OCS, but with less tension. It was a miniature college MBA program. Merrill was way ahead of anybody else in educating and training its future brokers. The company did it right.

I spent a lot of time with the stockbrokers. One of them asked me to handle his accounts while he was on vacation. Oh, what an honor, what a sense of responsibility! I agreed to do it, of course. Here I was, working at the main office of Merrill Lynch, and I was feeling like a big-time guy. I got telegrams telling me to buy this, sell that. I liked the action; I was captain of my ship.

This was during the Eisenhower administration, and the interstate highway system was in its early building stage. Cement stocks were going crazy; Caterpillar Tractor was going crazy; anything to do with road construction was going crazy. I received a telegram from this broker's largest client in Canada, with orders to buy and sell various stocks. Some were the full name of the company; some were in symbol form. I called the margin clerk, and I said, "I have this order from this chap in Canada. Do we have these shares in the account?" He said we did, and I placed the orders. But as it turned out, I sold the wrong stock. The symbol was different. Of course, Merrill rectified the problem, but it cost the firm about \$10,000, which was big money then. I was convinced that my career on Wall Street was over.

I was called in to see the office manager, Victor Cook. I felt like I was back in the Navy being court-martialed. I explained what had happened. Guess what his response was? He congratulated me! "But I cost the firm \$10,000," I said. He replied: "Anybody who has the initiative that you have should be complimented. Most of the young brokers wouldn't take this responsibility. They're too frightened. You

made a mistake, but it was really the margin clerk's mistake. He should have told you that this stock was not in the account."

Another early Wall Street story involves Mel Roboff, my boyhood buddy from Rochester. After I had moved to New York, I telephoned Mel in Rochester, and a short time later he invited me to visit him at the Plaza Hotel, where he was staying while in town on a visit. I remarked, "Isn't this too expensive a hotel for you?" But he told me that things had been good for him, and he asked me to come over.

Mel didn't have a room in the Plaza — he had a suite. This guy had graduated from Harvard Business School, and he summarized what had happened over the previous few years. Back in Rochester, he said, he had bought a liquor store, moved it across the street, where the traffic was better, and then sold it six months later for a 50 percent profit. Then, he bought a glass company. Atomic energy was just getting started, and he converted the glass company into a manufacturer of specialized leaded containers to contain isotopes. He got a big government contract, he said, and the company's revenues went to \$15 million from \$3 million.

I told him I was so proud of him and his business sense. In truth, I was also a bit envious because I'd been at sea and hadn't had a chance to hone my business skills.

Then Mel asked if I remembered a cute Rochester girl named Kayla Achtor. Yes, I remembered her. Who could forget her? She was gorgeous. She had been too young for us back in high school but that was years ago. She was coming to New York to stay with him, Mel said, and he asked me to come back the next day because he knew she would want to say hello. The next day I arrived at the hotel and I saw Kayla, now four years older than when I knew her in Brighton. She was a real beauty, with brains, and was a Fulbright scholar in India.

Mel, ugly but brilliant Mel, was my hero. He'd done everything in business that I could ever hope to do, and on top of all that he now had one of the most beautiful women in the world.

When Kayla and I left Mel's suite later, I asked her if his accomplishments were for real. She replied that he was a "true business genius."

Mel called a day later. There was a public company in the

BULLISH ON LIFE

nuclear business that he wanted to take control of, he said, and he asked me to buy 10,000 shares of it for him. I did, and the trade settled. Now, I was still working for the vacationing broker. I imagined how proud of me he would be for bringing him a new client like Mel.

Subsequently, Mel called and asked me to buy about 50,000 shares of another company's stock, a \$3 stock — that's \$150,000 — big-time money then.

When it was time for Mel to pay, I got a call from my margin clerk, who said there had been no check. I told him not to worry, that it would be there, that Mel came from a very good family. "He's a very successful guy," I said, "Known him all my life, Mel Roboff. He was the valedictorian of my class. Don't worry."

A couple of days later, the margin clerk called again. "If the check doesn't arrive by tomorrow," he said, "we will have to sell him out."

Now I was worrying. I called Mel's mother in Rochester, and she told me that that day Mel had been placed in a sanitarium for the insane. He had delusions of grandeur, she said. Everything he had told me was false to impress Kayla and me. You can imagine what I was thinking. Sure, my poor friend was mentally ill and I felt sorry for him, but I was in trouble again, and I had just gotten out of one scrape. Fortunately, Mel's family made good for his shares.

During the training program, I lived in the London Terrace apartment building, which is in the Chelsea neighborhood of Manhattan. It was a wonderful building. I had two roommates — Bob Beaudette and Hugh Ettinger — and we shared the costs of a two-bedroom apartment. London Terrace was a great place to live; the tenants were mostly young Wall Streeters and airline stewardesses. And the twain did meet.

Sometimes a small apartment with three tenants creates logistical problems. I once had a date with a stewardesses when Bob came home around 11 P.M. He knocked on the bedroom door and asked me to open the door. Now I was very much involved with my lady friend, and I told him to come back in an hour. "I'm very tired," he replied. "Please let me in." I told him to come back in a half hour. You have to compromise in life.

As the training program was ending, I had to pick a place to work and start my career. I selected San Francisco, then and now one of the most beautiful cities in the world. It was the epitome of what I wanted: cosmopolitan, prosperous, and on an ocean. I, like almost everybody else in my class, wanted to go there; there were thirty applications for it, and it was quickly clear that I was unlikely to be assigned to San Francisco. My selection process then became more scientific. I looked for an area with growth demographics, and I came up with Denver and Fort Lauderdale, Florida, both of which interested me. I was accepted at Merrill's offices in both cities.

Before I was able to decide between them, I was contacted by a Merrill partner, Bernie Ramsay. He wanted to know whether I'd like to be part of a novel experiment: Taking Wall Street to Main Street and beyond, right into the boonies. He was going to open an office in a shopping center. Ramsay was a good salesman, so I signed on to his idea. I became a member of a new office with nine brokers — eight of them rookies like me — and a manager. We opened our office in the Garden State Plaza, a large enclosed shopping mall in Bergen County, New Jersey, which was fast becoming part of the sprawling New York metropolitan area as its truck farms were being transformed into subdivisions. Bringing Wall Street to a shopping center was as extreme as it gets.

I had an office; now I had to get some business. I got some orders from Bob Beaudette's father and my father also gave me an order that I logged on my first day. Thanks to fathers, I was the star of the office that first day.

I used to walk up and down Routes 17 and 4, walking into business establishments with a big smile, introducing myself as a new Merrill Lynch broker in town, offering my assistance in investments, and leaving my card. In addition to using shoe leather looking for clients, I worked the phones, making cold calls. This was missionary salesmanship. A lot of new money was being created in the area at that time because many of the vegetable farmers were selling their land to developers. I liked making cold calls. I dedicated every Monday night from just after dinner to ten o'clock telephoning, making the kind of calls that today we hang up on. Telemarketing was new back then.

BULLISH ON LIFE

I learned that cold calling pays. I opened many good accounts that way. Most people think it's too demeaning to cold call. But if you're lucky and have a positive attitude, it's not demeaning at all.

One time on Route 17, I walked into a freight-forwarding company run by a man named Frank Alleso. He invited me to his office in the back room and asked me to develop a portfolio of stocks. He had \$20,000 to invest. I researched and came up with a portfolio of stocks — five companies, including General Dynamics, IBM, and Johnson & Johnson. A couple of days later, I gave Alleso the written proposal describing prospects for the companies. He looked at it in the same back room and then where I'd written, "Five stocks for \$20,000, \$4,000 each," he added a zero to each amount. So I now had a \$200,000 order (which would be equivalent to \$4 million or \$5 million today). I was on cloud nine. It was a fantastic thing to happen to me. I was a hero. The Bible says, "Seek and ye shall find," and I sure did.

One day, my manager, Harry Litterest, called a quick meeting of all the brokers. He said, "I want to especially compliment one of you. I watched him. It was Friday afternoon, and he was on the phone constantly, diligently prospecting for new clients, consistently talking and hanging up, talking and hanging up. I want to compliment Gerry Cramer. I'm going to give him a bottle of wine."

The other brokers were also really impressed with my work ethic. But I felt I had to tell them that all those calls I had made had been my trying to get a date for Saturday night.

Everything at work was going well. At the end of the year, I was the biggest producer not only in the Garden State Plaza office but also among the thirty-five graduates of my training class. Yet my salary, which was probably now up to \$550 a month, was the same as everyone else's in the office. I was producing two-and-one-half times what the lowest producer was. So I confronted the manager and said, "Why are you compensating your brokers like this? This is not based on merit. You're supposed to reward achievement."

He didn't understand meritocracy, but I was willing to wait another year or so to see if he would learn. One of my good friends and the second-largest producer in the office, Warren Bree, was

GERALD B. CRAMER

unwilling to be so patient. "I can't believe this," Warren said. "We can't stay here any longer." He put out feelers with other brokerage firms, and the next thing I knew, Warren and I and three of the other original Garden State Plaza brokers (plus a few others who had gone through the training program) were leaving Merrill Lynch and moving down the block to form a competing office for A. M. Kidder & Company in a competing mall, Bergen Mall.

Within a year, we became the most productive office in the Kidder system.