



## BUSINESS & FINANCE

LUNCH AT THE FOUR SEASONS WITH: MURIEL SIEBERT

# Promoting Financial Literacy

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Special to the Sun

Lunch with Muriel Siebert not only means a repast with the one of the most powerful figures on Wall Street, the first woman to join 1,365 men in owning a \$445,000 seat on the New York Stock Exchange back in 1967.

It means not only an opportunity to hear about her five-year tenure as the state superintendent of banking, during which she reformed savings banks and prevented scores of financial institutions from going under.

And it means not only a chance to understand the exponential growth in discount trading, which her company pioneered.

Lunch with Ms. Siebert means, most of all, a tutorial in outrage — her outrage over what she calls the “deplorable piggishness and greed” of some Wall Street firms that dissemble in order to make money for themselves and their clients; her outrage over what she characterizes as “financial illiteracy” among young Americans, and especially low level workers in companies who cannot tell the difference between mortgage and mortar; and her outrage over how sweeping federal laws have adversely affected the ability of small public companies to survive and flourish.

“Most of all I worry about Wall Street’s future, Ms. Siebert said. I don’t want to see only electronic trading. Where’s the human factor there? And the access to research? I worry about whether there will even be an existence of the floor in a few years. I wish I could say that I have a feel for the way things are going. But I don’t think that anyone has a clear vision about American capitalism today.



SIEBERT 'I worry about Wall Street's future'

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What bothers me is that there’s no one leader stepping forth and saying, “This is the way we should be moving.”

As she spoke, a parade of New York power brokers passed by. Sanford I. Weill, the former CEO of Citigroup, waved cheerfully. Vartan Gregorian, president of the Carnegie Corporation of New York, stopped by at the table and warmly kissed Ms. Siebert. Robert E.

Rubin, chairman of Citigroup’s executive committee, quietly nodded on his way out. A number of CEOs paid courteous homage.

Ms. Siebert elicits that kind of regard from her peers. She has, after all, been in the world of high finance longer than most of them and her emoluments can easily match up against the best of the titans.

But what about her own regard for men on Wall Street?

The answer came in the form of an anecdote. Back in December 1967, she bought a seat on the Big Board "for a business purpose, not as a publicity stunt," Ms. Siebert said, adding that she borrowed \$300,000 in order to pay the fee. For 10 years, she was the only woman member of the NYSE. There was no restroom for women in those days, and even the lunch club above the trading floor did not accept women. Once, when she was in the middle of doing a multimillion dollar trade and had to attend to nature's call, it was only the intervention of a male colleague who directed her to a pre-Korean War bathroom off the trading floor that, literally, saved the day.

For a college dropout from Cleveland who'd moved to New York to make her fortune in finance working for various brokerages, the very fact that she was able to buy a seat on the stock exchange was a big deal, of course. She launched her own firm, Muriel Siebert and Company. It conducted research for institutions and undertook buying and selling financial analyses. Ms. Siebert said she became a top industry analyst, specializing in the aviation and entertainment markets.

In 1975, the company became among the nation's first half-dozen discount brokers, when the Securities and Exchange Commission first permitted broker commissions to be negotiable, according to Ms. Siebert.

"By February 1996, I could see where brokerage services were headed — toward discount brokerage services and Internet trading," she said. Ms. Siebert took her brokerage firm public, "utilizing a reverse merger with J. Michaels Inc., a defunct, but publicly traded Brooklyn furniture company, as she put it. The new firm, Muriel Siebert & Co. Inc. (SIEB), was rated the no. 1 discount brokerage by Money Magazine in June 1999. Her company's stock reached a

52-week high of over \$70 per share.

Now Muriel Siebert & Co. Inc. is a wholly owned subsidiary of Siebert Financial Corporation. Its market capitalization is around \$75 million.

So, a reporter asked, since making money was scarcely her driving credo now, what was she focusing on these days?

"Education in personal finance," said Ms. Siebert, disclosing that the Federal Reserve of New York had been training

New York City teachers to spread knowledge about personal financial literacy.

"Basic financial literacy should be included in all high school education," she said. "We aren't necessarily talking about high finance here. We're talking about living skills. What are mortgages? What are interest rates? What does refinancing mean? What are credit cards? How do you work checking accounts? It's imperative that when our kids go out into the real world and get jobs they must know personal financial basics."

Another focus is philanthropy. Fifteen years ago, Ms. Siebert founded the Siebert Entrepreneurial Philanthropic Program, through which she shares half of her firm's gross sales commissions from new securities underwriting with charities of the issuers' and buyers' choices. "The program offers buyers of new securities a chance to help charities in their communities," she said. More than \$5 million has been contributed through this program.

And now she is handling sales of securities donated to victims of the tsunami in Asia, at no cost. (In December, she handled some \$26 million in such donations.)

The word "victims" is a hot-button word for Ms. Siebert, albeit in a different context. She said she was "disgusted" with Wall Street companies that defrauded the investing public in the 1990s and even beyond.

"I saw a degree of piggishness downtown that was totally deplorable," she said. "The place had to be cleaned up. Situations like Enron and other examples I could cite were not accidents. They were deliberately designed by clever lawyers and accountants and Wall Street firms and bankers. Oh, there always has been use of insider information on Wall Street. But these egregious situations were created by the best brains that enabled themselves and other people to deliberately cheat. That's what bothers me."

What also bothers her is the regulatory overdrive spawned since the passage of the Sarbanes-Oxley Act of 2002, the most sweeping legislation since the U.S. securities laws of the 1930s concerning corporate governance, financial disclosure, and public accounting.

"Shouldn't someone be taking a look at the entire regulatory scene?" Ms. Siebert said. "After all, we've had a generally successful system for raising capital — and it's ensured the success of the American capitalist system. What concerns me now is that regulatory overzealous is leading many small companies to delist of their own volition. It's very hard for the regulatory system to keep up with technology or even to lead it. So it's the small and medium-size companies — the backbone of American capitalism — that are getting hurt in the wash of the misdeeds of the big boys."

She said this without rancor, indeed, even with a touch of gentle sadness. The reporter wanted to ask her how the momentum generated by the Sarbanes-Oxley Act could be slowed down. But lunch was almost over, so he asked Ms. Siebert instead what lesson she drew from her long and extraordinary career.

"Have a sense of humor," she said, chuckling now. "And if you make a mistake — everyone's entitled to make a mistake — then admit it. But you're not allowed to make the same mistake twice. Why not? Because that's just plain stupid."