

Who's News

Melamed, 'Godfather' at Chicago Merc, To Devote Time to Private Firm, Writing

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CHICAGO—Leo Melamed, the Chicago Mercantile Exchange's legal adviser and chief strategist, suffered a gall bladder attack in 1980. Characteristically, he refused to be taken from his hospital bed for X-rays until the Merc trading session was over.

His secretary, summoned to his bedside, found him with one tube attached to his arm, another in his nose, a cigarette in his mouth and a telephone to his ear.

That obsessive quality makes many at the exchange skeptical about Mr. Melamed's recent decision to reduce his leadership role at the Merc gradually. In a letter to the exchange's 2,600 members, Mr. Melamed said he wants to devote more time to his private business and his fledgling writing career.



Nevertheless, the wiry, intense, 51-year-old trader is indeed relinquishing some of his tasks as unpaid special counsel, a post he fashioned into perhaps the most powerful in the futures industry. For 15 years—during three terms as chairman and then as special counsel—he dominated the Merc and transformed it from an obscure roughhouse into an internationally known financial market.

He bolstered the Merc's political influence through cunning management of donations by its political action committee, which he chairs. He was a prime mover in establishing the skyrocketing financial futures markets, as well as an industry watchdog agency called the National Futures Association. He also forged the Merc's recent link with the Singapore International Monetary Exchange.

No one expects Mr. Melamed to vanish from the Merc scene; he plans to stay active in the exchange's political and international affairs. But his partial withdrawal from day-to-day matters, and the absence of an heir apparent, underscore the gradual fading of an era when trader-members such as Mr. Melamed dominated the affairs of commodity exchanges. The burdens of leadership, including heightened competition and the rising difficulty of maintaining growth rates, already have forced members of other exchanges to cede more authority to non-trading professional managers.

Mr. Melamed has paid a price for his long dominance in exchange affairs. He regularly worked 18-hour days and admits neglecting family and personal business interests. "Over the years, the institution and I became one," he says. "During that time, my wife was a widow and my children orphans."

His Dellsher Investment Co. has only an

estimated \$5 million in capital. And while Mr. Melamed is easily a millionaire, with two elegant homes and telephone-equipped Mercedes and Porsche automobiles, friends say he has grown envious of wealthier contemporaries who amassed bigger fortunes while he was immersed in exchange affairs.

But Mr. Melamed, a lawyer whose family fled Poland in 1939, has relished the exchange's rough-and-tumble politics. Called "the godfather" on the trading floor, he has used skills more common to Chicago's ward bosses than its traders—swapping favors, extracting promises, wresting control of prized committee posts and lobbying in midnight telephone calls.

His ability to marshal floor traders is legend. When the Merc shocked Wall Street in 1972 by starting trading in foreign currency futures, the first contracts in a now-flourishing financial futures industry, Mr. Melamed sold the idea to traders one by one. Then he appointed "team captains" to monitor the pits and remind members of their pledge to trade the new contract. "He's able to get membership backing for projects they don't even understand," says Everette B. Harris, a former Merc president.

Mr. Melamed's temper is legendary as well. "I've seen staff walk out of a meeting trembling," a former Merc vice president says. "It's no secret about Leo's temper; he doesn't keep it in the cabinet." Once, a secretary interrupted Mr. Melamed during trading hours to announce the arrival of Sen. John Glenn. His high-decibel rebuke could be heard by everyone including the visiting senator.

Though many at the Merc admire Mr. Melamed, some complain privately that he smothers dissent. Occasionally, rumors of special treatment for his favorite traders drift through the trading pits; they go no farther. Says Barry Lind, chairman of Lind-Waldock & Co. and a former exchange vice chairman: "If you cross Leo, you'll never forget."

But the results of Mr. Melamed's leadership—the once-tiny Merc now produces about 30% of the industry's trading volume, second only to the Chicago Board of Trade—enabled him to consolidate his control over exchange affairs. When a group of powerful floor brokers created a stir recently by offering discount commissions in a bid for market share, Mr. Melamed persuaded their leader, James Kaulentis, to drop the plan.

Merc activities seem a far cry from Mr. Melamed's interests as an aspiring writer: his unpublished science fiction novel, "The Tenth Planet," is about alien beings who achieve immortality by regenerating their body parts. But Mr. Melamed's private wish for a taste of immortality is also a key to his 15 years of near-fanatical labor at the Merc.

"There are two ways to immortality," he muses. "Tie yourself to a religion or to an ideal. The Merc became my ideal."