

Right decisions made Mercantile chief

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FORTUNATELY, the Jewish refugee father of Leo Melamed was once as afraid of the Russians as of the Germans, since otherwise, 39 year old Melamed might be in Siberia now rather than one of the most influential men in United States finance.

There are many tantalizing "ifs" and "because's" which led to Melamed, 4642 Elm Terrace, Skokie, becoming board chairman of the Chicago Mercantile Exchange at 36 years of age.

Melamed is a short man, dark, fond of mod clothes, open rather than intense. Now about to step down from the board chairmanship after three years, he chatted recently in his Franklin Street office while down "in the pit," red-jacketed exchange members conducted business, their yells becoming more frantic as closing hour, 1:15 p.m., approached.

THE CHICAGO MERCANTILE Exchange deals in commodities not handled by the Chicago Board of Trade: pork bellies (from which bacon is made), other meats, dairy products and certain types of produce. Next to the Board of Trade it is the country's second largest commodities exchange.

Melamed's board chairmanship is a non-salaried, elective job at which he spends ten or more hours a day, interspersing his private trading activities as time permits.

He seems to like to look at his life in terms of decisive moments. "I guess the first big decision was made by my father, who fled with my mother and me from Bialystok, Poland, when the Germans invaded in 1939, and decided not to return after Stalin and Hitler partitioned Poland and Bialystok went to the Russians," he said.

"ALL THE JEWS who remained were sent to Siberia within a week of partition."

Melamed's parents, Isaac and Feygla of 6441 N. Kedzie, Chicago, both teachers, immigrated to the United States and got jobs at the Sholem Aleichem Fold Institute and Schools, 2100 Devon, Chicago. They still both teach there.

Melamed said he attended Roosevelt High School in Chicago and was a student at John Marshall Law School when "the next turning point came in the form of my peculiar part-time job requirements. I was attending school between two and five each afternoon and I needed a morning job.

"SOMEONE TOLD ME of a job as a 'runner' for Merrill, Lynch, Pierce, Fenner and Smith.

The job consisted of carrying notes and doing similar tasks on the floor of the Mercantile Exchange during morning hours. I love it, instantly."

In 1954, when Melamed was 22 and still in law school, "there was another turning point which involved my father. He lent me \$3,000 to become an exchange member." (The seat is now worth about \$65,000.)

MELAMED SAID HE PRACTICED general law in the firm Melamed, Kravitz & Verson between 1956 and 1960, then quit to form his own speculation firm, Dellisher Investment Company, Inc. He speculates only for himself: he has no clients.

Melamed was elected to the exchange's board of governors in 1967, "probably partly because I had some necessary equipment by virtue of being an attorney. Much board work is legally oriented.

"I had sought board membership because I thought the exchange had potential and needed younger, non-establishment members with imagination.

"AT THE TIME I joined the board, it was made up of older men, many of whom were either descendants or friends dating back to the exchange's founding in 1920. Since then, there has been a trend toward younger people."

Melamed was elected board chairman in 1969. He believes the exchange has made many positive changes since he took office, certain intangible ones perhaps being most important.

He said, "I do believe I helped create an open atmosphere among exchange members" who include individuals like himself and firms which trade for clients either exclusively at the exchange or both at the exchange and the Chicago Board of Trade.

"EXCHANGE MEMBERS now can and do communicate their suggestions and criticisms to the board of governors, in contrast with past decades, when members really had no stake in proceedings here.

"The machinery for this change has been committees, which we have always had but which used to be perfunctory. We now have a practice whereby all committee members' ideas eventually filter into the board, even-minority opinions, via committee meeting transcripts.

"Committees also have certain definite powers. For example, if a member commits a rules infraction, the floor practices committee will determine his fine or other penalty in all cases but major ones."

MELAMED SAID THAT as a result of improved relations, "our members now have a better spirit about bringing in business — though of course, getting business was always obviously in their best interest.

Melamed said that another intangible concerns the exchange's image: "A decade ago, our image was at a low point as a result of factors including lax rule enforcement. Members were getting away with things like, say, not being completely truthful with customers, just to name one of many examples.

"I led an effort to change this and we have also increased fines for violators, which sometimes now go as high as \$50,000. We've also begun a policy of informing the press more about our penalties."

MELAMED'S COUNTERPART at the Chicago Board of Trade, Board of Directors chairman Owen Nichols, said "The Mercantile has certainly grown under Melamed's leadership, but more important, its stature has grown dramatically.

"It's much more respected lately because of strong rules enforcement, and Melamed has definitely been the driving force. I believe that if he weren't required by exchange by-laws to step down now, the Board of Governors would force him to stay on as chairman."

Melamed will remain a member of the Board of Governors after leaving the chairmanship in January, and he hopes he will also have time to resume leisure activities including reading spy fiction and playing tournament bridge.

WHILE HE WAS in law school, he used to perform in plays given by the Yiddish Theater Assn. of Chicago — "leads, of course," he laughed.

His continued interest in Yiddish culture — Yiddish was his first language — is shown by the fact that he is president of the North Suburban Yiddish School, 8745 East Prairie, Skokie, an after-school children's program which emphasizes Jewish culture rather than Jewish religion.

He and his wife, Betty, have three children: Idelle, 15, who attends Niles East High School; Jordan, 14, at Lincoln Junior High and David, 9, who attends Kenton Elementary School.

HE HAS THIS advice for anyone thinking of speculating through the exchange: "Commodities are more volatile than stocks, and I definitely discourage speculation unless a person has risk capital plus an understanding of the market.

"If you don't know enough to tell your broker, 'No, and this is why not,' you have no business getting involved."



LEO MELAMED