



TRIBUNE Staff Photos: By George Quinn

Leo Melamed, 37, like the Chicago Mercantile exchange, is on the move, both as a successful independent speculator and as chairman of the exchange.

## Melamed Borrows \$3,000 to Get on Merc Floor, Now He Runs It

BY HOWARD JONES

"It's funny how little things have such a profound effect on one's life," says Leo Melamed, commodity speculator, broker, attorney, and now chairman of the thriving Chicago Mercantile exchange.

Melamed discovered the "Merc" in 1953 while looking for a part time job to supplement the expenses of law school. After working as a messenger for Merrill Lynch, Pierce, Fenner & Smith, Inc., he convinced his father, a teacher, to lend him \$3,000 to buy a seat on the exchange.

"I told him it looked like a good thing, but my family was very unhappy at the prospect of my giving up law."

### Learns of Ulcers

The result was a compromise and Melamed continued at John Marshall law school afternoons while trading on the exchange floor in the morning. "That was the year I found out about my ulcer," he says.

Since then, both Melamed and the Mercantile have come a long way. Once considered an ugly sister to the Chicago Board of Trade, the Merc now has a yearly volume of 3.7 million contracts — or 33 per cent of the world's commodity trade.

Melamed's \$3,000 investment

in a membership is now worth close to \$90,000 and the administrative staff of the exchange has increased 50 per cent.

### Size Limits Growth

"Our growth in the last two years has been limited only by the size of the trading floor."

While Melamed hesitates to predict another doubling of trading volume, as occurred in 1969, he expresses confidence in the continued growth of the exchange.

"We are expecting to make a major announcement about a new location," says Melamed. "We have been happy at 110 N.

Franklin st., but we just need more trading space."

Like other commodity futures exchanges in the United States, the Mercantile has been adding new contracts and diversifying.

"Our new lumber contract has tremendous potential, perhaps the biggest of any contract listed," he says.

In his two years as chairman, Melamed has drawn heavily on his training as an attorney, and has led exchange directors in a complete revision of rules and regulations.

### Hadn't Promoted Image

"The history of previous decades, and I don't know how

to say this tactfully, was that we hadn't done everything we could to promote an image of complete integrity," he says.

Last year the exchange created its own internal department of audits and regulations, hiring William M. Phelan, a former internal revenue service investigator. Enforcement of the newly defined rules has been "immediate and punishment commensurate with the infraction," says Melamed.

"He's big on law and order," says another successful speculator. "At first there were some moans and groans, but now everybody is pretty much used to it."

### Sets Election First

Exchange members, while somewhat taken aback by the Melamed clampdown, agree that it was essential for the continued growth of the exchange. Last January, Melamed was reelected to the chairmanship by acclamation—the first time that had happened in the exchange's 50 years of existence.

In his message to members, Melamed said on the exchange's 50th anniversary: "It should be abundantly clear to anyone who has studied our record that some time ago we endured a long period of complacency."

"Many years of hard work had to pass before we could once again feel our progress and see our accomplishments. Today we are witnessing the fruition of those painful years of labor."