

Business

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Melamed can speak to his own strengths

By Sallie Gaines and Laurie Cohen

Only Leo Melamed could start an interview with a conversation stopper. Pulling up his pants leg for two reporters at a meeting last fall, he asked: "Want to see my staples?"

The staples were the result of surgery for a knee injury, caused by a fall while he was jogging. A gleeful Melamed described the procedure in vivid detail.

The performance was vintage Melamed. The wiry Merc leader has never been shy about discussing himself, his accomplishments at the Merc or his importance to the futures industry.

When asked last fall about possible successors at the Merc, if he ever made good on his many threats to retire, Melamed replied that there were three or four other exchange officials "who clearly know as much as I do."

However, those people "don't have the flair for oration or writing," he added. "I can speak. I can write."

Indeed, Melamed's ability to sway floor traders—through emo-

tional appeals and Chicago-style favor swapping—is legendary. "He's the only man I ever saw who could get up and tell members that black is green and get an 85 percent vote," a Merc member once said.

Melamed has used his political skills to lead the futures industry's lobbying efforts on Capitol Hill, for the most part successfully averting attempts to impose more stringent controls on trading.

In his more than two decades at the helm of the Merc, he became accustomed to forging ahead despite skepticism. Financial leaders in New York and London initially scoffed at his plans for foreign currency futures, but those products, along with other financial contracts, transformed Chicago's futures markets.

When told that many futures brokers had doubts about his plan for Globex, an after-hours electronic trading system, he replied: "That's right. Nobody asked for it. Before Thomas Edison invented the light bulb, did anybody demand a light bulb?"

But while he considers Globex, which is scheduled to begin operat-



Leo Melamed (left), in a role in a 1962 Yiddish Theater Association production. Melamed credits his ability to speak and sway listeners for his success in futures industry.

ing by midyear, one of his greatest achievements, the FBI investigation into cheating at the Merc and Chicago Board of Trade probably generated the most public attention.

The Merc has taken some steps to correct alleged abuses, but the probe has cast a shadow over futures trading. Even critics are impressed by Melamed's contributions to the futures industry.

"Leo is a genius," former Sen.

Thomas Eagleton said several months ago, before quitting the Merc board in dismay over what he perceived as gross failures of self-regulation. "He's the third-smartest man I ever met."

Eagleton said he once told Melamed of that assessment, and Melamed smiled at the compliment. "But I suspect he wondered why he was so far down on the list," Eagleton said.