

Business

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Anonymous letter riles Merc adviser Melamed

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The truce among factions at the Chicago Mercantile Exchange broke down Wednesday.

Numerous copies of an anonymous flier spread on the trading floors ahead of an exchange board meeting in the afternoon urged directors to reject a proposal to pay compensation of \$200,000 year to Leo Melamed, chairman

emeritus, for his position as board adviser.

Directors approved the plan in the evening, naming him senior policy adviser, a post John F. Sandner held from 1989 to 1990, between terms as chairman. A memo was being prepared to be sent to members citing Melamed's "vast experience" and the need for his "vision for the future."

"After a revolution, you always hear from the other side," Melamed said. "The let-

ter is probably from a small group of disgruntled traders. The great majority of members wanted me to come back."

Melamed, 64, a longtime leader of the exchange, had been shut out of exchange decision-making since 1991 in a dispute with Sandner, Merc chairman. But Melamed returned to power in January, being named board adviser after a dissident slate swept out five directors con-

sidered allies of Sandner.

Wednesday's unsigned letter accused the new board members of "hypocrisy" because Melamed returned to the board without running for office, he doesn't own an exchange seat and, instead of cost cutting, directors would vote on paying Melamed \$200,000 plus secretarial expenses of \$50,000.

"This is ridiculous," Melamed said. "I didn't seek

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the job, the job sought me. The amount is normal for the work I'm doing. And I told the board I didn't want any secretarial fees."

As to ownership of seats, he said that Sakura Delsher Inc. owns six memberships "and I own 50 percent of the firm, so I don't know where they get this stuff."

The letter also took a swing at Scott Gordon, exchange vice chairman, for "posturing himself to be chairman [and] not owning a proprietary interest in our exchange. So much for equity owners; so much for the budget; so much for campaign promises."

Gordon is executive vice president of Tokyo-Mitsubishi Futures (USA) Inc., a futures commission merchant, which, as a clearing member, must own six Merc seats. Gordon, a director since 1982, has been mentioned as a possible successor to Sandner.

The reference to "equity owners" was a dig at supporters of Melamed and the slate of new directors that was backed by a dissident group called the Equity Owners Association.

A spokesman for a rival brokers group generally thought to be allied with Sandner said the group had no idea where the letter originated, but deplored the anonymous method of communication.