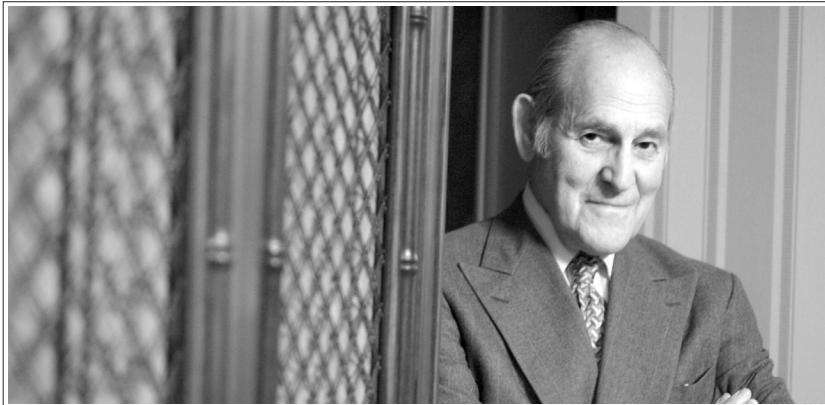


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KONRAD FIEDLER

LEBENTHAL TO GO James Lebenthal, once head of the eponymous family investment firm, is publishing a book.

James Lebenthal's 'Confessions' Chronicles a Colorful Life



Liz Peek

James Lebenthal is a born ham. At age 77, when most folks are perfecting their putting, Mr. Lebenthal, former chairman emeritus and well-known spokesman for the eponymous municipal bond firm, really, really wants to do stand-up comedy. He has gone so far as to put on a one-man show ("you know, like Golda") at the Thalia Theater. And he videotaped it! He was crestfallen when audience members congratulated him on "an excellent presentation." He's been watching the videos repeatedly to perfect his delivery.

Being stage-struck is only one of many admissions that emerge from the pages of his new book, "Confessions of a Municipal Bond Salesman." The book, which includes selections from 40 years of investment letters, is humorous and enjoyable reading. It is full of bits of advice called "Lebenthal to go": "Management is nothing more than organized common sense." "Advertising is the hammer that nails your message home." "You're never too old to listen to your mother."

Chapter headings such as "Bores Need Not Apply" and "The Securities and Exchange Commission and the Place Mat for My Tuna on Rye" suggest the author's general irreverence. The foreword, written by Princeton classmate Paul Volcker, says "a parable of American finance winds through the narrative." If only American finance were half so entertaining.

Mr. Lebenthal has had a colorful life, which has included stints as a Life magazine correspondent in Hollywood, adman at Young & Rubicam pitching Gulf Oil, Oscar-nominated producer of a short film titled "T is for Tumbleweed," Army corporal, and TV talk-show writer. Spending the better part of an afternoon in his spacious West End apartment, it is almost inconceivable that at the end of the day all these creative energies were funneled into the family firm, selling municipal bonds.

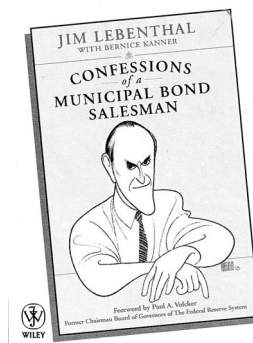
With a decidedly elfin grin and boundless enthusiasm, Mr. Lebenthal agrees totally that his calling to the municipal bond enterprise was muted. Had it not come in his mother's voice, there's a good chance he would have stayed in advertising. His interest and talent in marketing indeed determined his transcendent role at the firm. It is through his advertisements that the world got to know Mr. Lebenthal and came to the firm's doors.

"Municipal bonds are our babies." "At Lebenthal we treat you like family." If you have listened to the radio in New York in the past four decades, chances are you've heard father Jim, as he is known, and then daughter

Alexandra, intone sales pitches like these, and been at least a little tempted to pick up the phone and order the offered municipal bond kit.

Thousands of listeners over the years did just that. Lebenthal & Company was founded in 1925 by Jim's parents, Sayra and Louis Lebenthal, initially dealing in odd-lot bond sales. Over time the firm came to specialize in selling tax-free bonds to "the millionaire next door," as Alexandra de-

scribes it. Clients included realtors, dentists, and professionals of all kinds who typically have little patience for complicated investment products and who want more personalized attention than they are likely to get from a big brokerage firm. When they called in with a problem, they expected to talk to someone senior — like Jim or Alexandra, and often they did.



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Jim Lebenthal joined the firm in 1963, left after a brief spell to work at Ogilvy & Mather, then rejoined the firm. He turned the management reins over to his daughter in 1995. He stayed on, mainly to focus on marketing, and to provide counsel. As an admitted meddler and micromanager (that is one of the confessions), how could he not be in the way?

"I cut a wide swath around Alexandra," he says proudly. "I have been a model of restraint — I had to. All those years I said I was getting out; it went on for decades."

Alexandra recently delighted her father by asking him to join her in starting up a new firm. Last year Lebenthal & Company disappeared into the vast corridors of Merrill Lynch, the last in a series of sales, and both Alexandra and her father resigned not long thereafter. A new firm focused on wealth management is in the works.

It is no wonder that Mr. Lebenthal didn't retire earlier on. One imagines that he was having too much fun. For all

that he describes the business as "the most serious boring industry," it is clear that he carved out a niche for himself promoting the firm, and also defending the municipal bond industry from the repeated onslaughts of needy tax authorities. It is also clear that he enjoyed these skirmishes, both for the visibility they earned him (he really does want to be center stage) and for the Don Quixote role he got to play.

During the 1975 New York fiscal crisis, for instance, Mr. Lebenthal rallied to the city's cause after the federal government declined to guarantee a critical bond sale ("Ford to New York — Drop Dead!" as the Daily News put it.). He collected a group of his daughter's school chums and had them sift through years of Lebenthal sales slips to determine that no fewer than 160,000 regular citizens owned \$4.9 billion of NYC bonds. This was not a rebuke to big, impersonal institutions — these were Moms and Pops who were being sold down the river. He ranted and raved, and wrote newsletters encouraging others to do the same. In the end, the government came through with the desired guarantee.

Not all of his windmill tilting was applauded, however. Lebenthal & Company received a notice of inquiry from the SEC in 1976; the commission wanted to talk about an ad the company had run in 1975 extolling New York City bonds as "the second safest investment in America." The ad claimed "Bondholders must be paid by law. Before the policemen. Before the firemen." And so on. The SEC wanted to know "Where'd you get this stuff?" Mr. Lebenthal answered: "From basic bond lore learned at the breast."

Unhappily, Mayor Beame had used that bold ad to proclaim the soundness of the city's obligations — shortly before going broke. Mr. Lebenthal became, in his words "the laughing-stock of the investment world." Though he was ultimately proved right, and the city was forced to make good on its bonds, the experience was an unhappy one in the extreme. As he says in his book, "I want to please everybody." As he says in person, "I hate it when I'm criticized."

Why then write a book? What better way to invite criticism? He wanted to encourage people to "carpe diem, to just do it, get on with it," to be inspired by the world around them. It is also clear that writing a book gives him an excuse to tour the country, making speeches, reaching out to people, having a whale of a good time. He can't wait to get started. After all, as he says, "I'm in a race with time." Maybe, but his mother didn't retire until the age of 92. Our guess is that Mr. Lebenthal can probably extend the book tour beyond the expected year, and still have time to perfect his one-man show.

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