

Bear Stearns

The long, illustrious (Jewish) history of Bear Stearns

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For most of America, the name "Bear Stearns" hasn't meant much until this week. From now on, unfortunately, it will always be associated with financial failure rather than with its long history of success, a history from which the Jewish community was a major beneficiary.

Founded in 1923 by Robert Stearns, Henry Mayer and Joseph Bear, the "Bear," as it was known on the "Street," was one among many firms spawned in the Roaring Twenties of the last century, and one of the few to survive in the rough and tumble world of investment banking during the eventful years since then.

Through it all and until recently, Bear was also Wall Street's quintessential Jewish firm. That says much in an industry that was distinguished by so many great Jewish names and fortunes: The Seligmans, Hallgartens, Goldman Sachs, Wertheims, Kuhn Loeb, Lehman, Warburg, Neuberger, Bache and many others had Jewish roots, but one way or another, most of them left those roots behind, while Bear thrived and was nurtured by them for most of its 85-year life.

Always prominent in many areas of Jewish giving, Bear Stearns, under the leadership of its long-time CEO, Alan 'Ace' Greenberg, would fill as many as a dozen tables at the annual Wall Street Federation event, and would help to fill UJA coffers with the firm's mandated 5% giving. Senior people at the firm were all committed to that responsibility. Of course, non-Jews at Bear could contribute to their own charities, but Federation was the primary beneficiary of most of the Jewish partners' giving. Bear's positive influence was manifested both near and far; any Bear Stearns person who happened to meet Teddy Kollek in Israel was often hustled off by Jerusalem's irrepressible mayor for a special visit to a theater in order to see the plaque on the bathroom wall honoring its benefactor: Alan Greenberg.

The long career of recently deceased Bear executive John Slade, nee Schlessinger, was an apt proxy for the Bear Stearns story. Born in Frankfurt, Germany and a victim of anti-Semitism when he was a member of a world class field hockey team, Slade came to New York in 1936 and was one of Bear's first 50 employees at 100 Wall Street. After serving in the war overseas, he returned to Bear and also proudly represented the US in the 1948 Olympics as a member of his adopted country's field hockey team.

John's many accomplishments included becoming one of IBM's largest non-institutional shareholders during that company's early years. Later, as head of Bear's international department, he acted as a bridge to some of the large pools of private wealth in Europe. John always put in a full day of work almost right up to his passing in 2005 at age 97. His single-minded devotion to the firm and its charitable responsibilities were an ever-present part of his life and career.

Now all of this is gone, and the once mighty Bear will be subsumed into a former rival - a firm descended from the storied house of Morgan, JP Morgan Chase - which is acquiring it for a fraction of its former value.

Under Greenberg, Bear was extremely adept at managing risk, with Ace directly overseeing the firm's positions from his desk in the middle of the equity trading floor. Bear's expertise as a trading firm was forged early on, and the Bear consistently accounted for a disproportionate share of the exchanges' total trading volume. But as trading revenues gave way to more profitable and more esoteric areas of the investment banking business, particularly mortgage-backed bonds, the firm's emphasis changed as well. The firm also subtly changed from a strict meritocracy that sought and hired "PSD'S" (Poor but Smart with a strong Desire to Succeed), to one that recruited most of its talent, along with its major competitors, at the top-tier graduate schools.

One irony in Bear's passing is that the firm, so adept for so long at trading and risk management under Greenberg, ultimately succumbed because it failed to understand and manage the risks it assumed in the mortgage-backed securities business.

"Notwithstanding Bear's demise or acquisition, Wall Street still loses one of its great competitors, and the Jewish community will sorely miss a firm that for many years was one of its strongest supporters."