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Money And Investments

The Money Men

Remembering Uncle Ben

RECENT YEARS have added little luster to the art of security analysis, but the fault was not Benjamin Graham's. When the father of modern security analysis died this year at the age of 82, those who followed him in the profession had strayed far from the careful, conservative principles that Professor Graham laid down.

Money man Richard Graham remembers of his uncle: "You were always trotting with him. He didn't speak especially fast, but either you caught what he said or you missed it. He'd give the conversation all his attention—very sharp and intense, but for a limited time. He had a habit of looking at his watch—politely, of course—and saying, 'I think we've spent enough time on this.'"

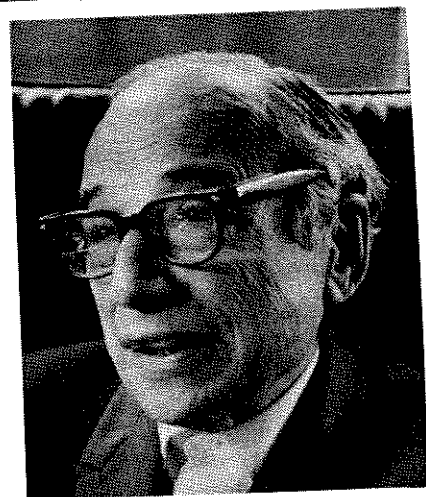
"He really liked his writing and his reading. He read six books at a time, making notes in the margins. All kinds of things: history, philosophy. My father said he even read Einstein.

"He really wasn't that interested in money. It was probably the challenge more than the money that excited him about Wall Street. He had a great knowledge of Latin, of biology. He was a trustee of a zoo, and they gave some kind of test—obscure questions about plants and animals. He got 100%, and won the prize—a rare cat.

"He also loved to dance. He was a lifetime member of Arthur Murray—free after the first 1,000 lessons—because he could never quite get the hang of it. He had to count under his breath, which meant he could never dance and talk at the same time.

"During the war he was a dollar-a-year man for the Government, and several big shots came up to see him about renegotiating a contract. He kept them waiting for about an hour. They probably thought he was out closing a big deal, but actually he was at his dance class up in White Plains, probably pinching some girl."

Ben Graham remained in touch with the world right up to the end. Though ostensibly retired in the early Sixties, he continued reading, writing and speaking while he traveled between homes in La Jolla and Aix-en-Provence in France. Richard recalls, "The last time I saw him, just six months ago, he was working on a book about finding stocks that were neglected and making 20% a year. He



The Late Ben Graham. Like Dr. Spock, an expert—and a philosopher.

was just forming a partnership of some friends to test out his new theories."

What probably made Ben Graham rich more than anything was his original investment in Government Employees Insurance Co. Only months before Graham's death, GEICO came to the brink of collapse. Was the Graham fortune wiped out in the debacle? Nephew Richard doesn't think so. Once he gave up control of the insurance company, the professor seemed to lose interest in it. "I think Ben got rid of quite a lot of his stock. Every year he'd give away a big batch to whoever had his hand out. I know, because I was his broker." Richard Graham was remembered in Ben's will, but not with money: "He knew I didn't need money," says Richard. Instead, he was left a Rodin sculpture.

"I think he only left a couple of million," says Richard, "mostly in governments and municipals. He was a great believer in government bonds and tax-exempts; you have to remember, he was thinking back ten, 20 years, before municipal debt came under a cloud. Even then, New York City wouldn't have met his tests."

Professor Graham was married three times and had five children, but none of them went into the investment business, although other relatives did. While Richard Graham was being interviewed by FORBES, his 21-year-old son Peter wandered in. Peter works for the Ladenburg, Thalmann brokerage subsidiary of Richard's firm, Utilities & Industries Corp. "A third-generation Graham in Wall Street," Richard says, a note of pride in his voice.