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THE BEGINNING

In the late 1950s, a black stockbroker joked, "The only Negroes on Wall Street before us were either sweeping it or shining shoes on it." Although the quip was made for laughs, it concealed a somber tone of unfulfilled promise. The joke was based on truth. No African American had ever come close to reaching the status or wealth of even the most average of securities professionals. No African American had been in a position with enough influence to shape and embolden the industry and, consequently, the world. But the joke also belied the truth. In fact the first blacks began to work within the securities industry in the early twentieth century.

It is not surprising that the black stockbroker who told this joke, or the generations of black financiers who came after him, knew little about the first African Americans on Wall Street. In one of the biggest industries in the world, a business synonymous with structures of grandeur and people of prestige, the first African Americans on Wall Street barely registered on the map. Traditionally, this business was a patrician profession that ran along the lines of a good-old-boy network. In this exclusive world, deals were made in backrooms and social clubs, institutions that were closed to all outsiders–nobody was more rejected than minorities. Whereas some whites could disguise their social background and education, most people of color could not easily hide their origins and were immediately branded as second-class. African Americans had been trying to engage in the securities industry since the early nineteenth century. Yet, they met with stiff resistance.

Wall Street had come to symbolize capitalism and big business because many of the leading brokerages and investment banks claimed it as their home. Underlying each day's activities, the shares traded and deals made, was a power structure that was based on relationships. Legacy and heritage were important aspects of the business, providing access and credibility. Nowhere was this embodied more than in the Street's most recognizable name, J. P. Morgan, who was the son of a banker. Because tradition was paramount, African Americans had no way to enter business on the same levels as their white counterparts simply because blacks had no legacy. Their fathers or friends were not working with securities, and their mere appearance caused waves of unease. This is especially unjust because their ancestors literally helped to build Wall Street. Because of the extreme social attitudes that have permeated throughout American history, those builders and their descendents were unable to profit until the twentieth century in the very arena they constructed.

This injustice became more than folktale or legend in June 1991, when construction workers excavating a site in lower Manhattan stumbled on a "Negro Burial Ground" which is believed to hold more than 20,000 African slaves. The discovery was one of mixed emotion. Archeologists and historians alike were delighted to uncover a priceless map of the past; however, it is sad that these slaves were never recognized for the work they did.

It is believed that African slaves were brought to the Dutch colonial city of New Amsterdam (now New York City) in

1625. Like modern times, the area was a center of financial activity due to its access to ports and other waterways. The slaves were brought from Africa to do the physical labor in this prospering city. In addition to building roads and other structures in what is now lower Manhattan, slaves also built the world famous Trinity Church.

In the mid-seventeenth century, New Amsterdam's economy was booming and, fearing an attack from New England, the Dutch decided to build a wall to shield them from any attacks by land. A log wall that was more than 2,000 feet long was built. Despite its enormous stature, the wall proved to be useless when New Amsterdam was invaded by English troops from the sea. As a result of the invasion, leadership changed; the region was now headed by James II, Duke of York, and the town's name changed from New Amsterdam to New York. The large wall was demolished in 1698. However, its memory remains. The area in which it once stood was named Wall Street, soon to become the hub of deals and capitalist activity.

Slaves were treated just the same as other commodities such as lumber and fur and were traded in similar fashion. James II was a major player in British slave trade. Soon, a slave market was established on the East River and Wall Street, and designated as the city's official exchange ". . . place where Negroes and Indians could be bought, sold, or hired."[1]

As New York City grew into its current role as center of the financial world, African Americans were predictably locked out. Blacks were traded on Wall Street during the 1700s, and the institutionalized attitudes did not change by the nineteenth century. African Americans also lacked the education or experience with money to successfully operate in the then nascent securities industry. Therefore, the first participation with stocks and bonds came, predictably, from the client side.

Black ownership in equities can be traced back to the early 1800s. Records and folktales reveal emerging black professionals trying to master the rules of investing. The New York African Society for Mutual Relief is believed to have owned $500 in bank stock. Around this time, Stephen Smith, a lumber merchant from Pennsylvania, was the largest shareholder in a thrift named Columbia Bank. Stock ownership also thrived in the South. Marie Louise Panis of New Orleans, Louisiana, owned almost $50,000 worth of stock in Citizens Bank of Louisiana. A commission broker from the state of Louisiana, John Clay, also held a few shares in companies. Although the story cannot be verified, it is believed that in the pre–Civil War period, an African American tried to buy a seat on the then young but flourishing New York Stock Exchange (NYSE) only to have his offer rebuffed.

The denials and limitations within the big corporations and institutions, such as the NYSE, because of racism and segregation, led many ambitious but realistic African Americans in the early twentieth century to build thriving businesses within their own communities. This philosophy sparked one of the greatest successes of this period among people of color. Strangely, this explosion of capitalism developed miles away from lower Manhattan in Tulsa, Oklahoma. This site was home of the development that would later be known as the *Negro Wall Street*. Although the town had nothing to do with New York's Wall Street, the label described the tremendous growth and development of business within the 35-block radius known as the Greenwood District.

Like many regions throughout America in the early 1900s, Tulsa was divided by segregation. While some areas were hindered from substantial economic development by these Jim Crow policies, others were not. Many communities drew from their own talents and resources to create and build thriving businesses within their boundaries and Tulsa led this movement.

Tulsa's saga promotes the best in self-reliance and talent that black Americans have to offer. These were universal and successful themes that would apply later in all businesses, including the securities industry. Ironically, what drew the best out of these individuals was the harsh reality of segregation. Restricted from hair salons, supermarkets, restaurants, and other white-owned business establishments, the black residents of Tulsa built their own. Other black communities spent their dollars at white businesses, despite being viewed as inferior. In contrast, the people of Tulsa realized the power of ownership. Because black shop-owners provided all the needed services to cater to the black community, all monies and investment stayed within the community and it blossomed. In that 35-block span, there were 1,500 black-owned businesses and houses, including 10 millionaires and many families with substantial savings.

Perhaps that progress was too successful for the attitudes of that time, because racism wiped out all of that development and hope on a spring day in 1921. Hearing a rumor that a black man was accused of sexually assaulting a white woman (a charge of which he was cleared nearly 70 years later), a mob descended on the town and set it on fire. Thus the Tulsa Race Riot of 1921 started. Millions of dollars were lost in damages and, more important, hundreds of lives were taken in the melee, bringing a sudden end to the Negro Wall Street. A sterling symbol of black self-reliance and success was destroyed, never to fully recover.

As Tulsa burned, other important black businessmen were founding, growing, and running their businesses in other black communities. Although they might not have known it at the time, these pioneers served two purposes: First, and most obvious, they were filling a need by giving their black communities products and services. Second, their example inspired the generations that followed, encouraged their pioneering spirit, and taught them that seemingly impossible goals were possible.

Arguably, the most influential black entrepreneur of the twentieth century was Arthur Gaston, the Birmingham, Alabama, native who, starting with $500, increased his wealth to between $30 million and $40 million. He founded the Booker T. Washington Insurance Company in 1926 selling policies to black steelworkers. With vision and a legendary work ethic, Gaston used the insurance company as the foundation of an empire that included Citizen Trust Bank, hotels, and radio stations. Other early black business luminaries included Alonzo Herndon, a former slave who founded Atlanta Life Insurance; John Merrick, A. M. Moore, and C. C. Spaulding, cofounders of North Carolina Mutual Life Insurance in 1898; and Madame C. J. Walker, the hair-care products mogul. Even though these people did not work directly with securities, many early African Americans who worked on Wall Street would credit them with helping to develop a capitalist framework in which to think and dream.

The end of a revered business community like Tulsa and the lack of other thriving black business districts like it exposed the need to succeed within the existing aggregate power and economic structure. Both the riot's force and integration in the Northern cities underscored the fact that for black Americans to work in a system where whites made the rules and had most of the money, it would be necessary to learn how to work with them. The high-finance industry was one of the biggest targets and, consequently, one of the toughest to penetrate. Educational resources were scarce, and not many African Americans were prepared to work with securities. Nor were brokerage firms willing to give them an opportunity–the same opportunities afforded some whites with a similar lack of preparedness. So rarely was that the case that, in the early years of the century, only one lone black man was on record as working with stocks—W. Fred Thompson. He is believed to be the only African American broker who worked with securities in the early twentieth century. He began his work in 1903. Black Americans needed time to master how to play the games that others created, as well as to find people who were willing to play with them, regardless of color. That would not always be easy.

In 1920, the securities industry was about to embark on an unprecedented boom. That period for the industry was unlike any that had come before it. Cutting-edge businesses, such as the automobile and radio industries, helped to provide a deep universal confidence that eventually developed into the Roaring Twenties. A soaring stock market lured everybody, from the elite to their butlers, into investments that seemed as guaranteed as any speculation could be. The financial district maintained an air of invincibility as people jumped into the market without regard to caution or risk. Investors relied on tips and rumors as heavily as if they represented careful analysis and strategy. History would later assign this period a label of recklessness and manipulation, but for the people working in those years, it was pure magic. Significant black participation in the markets began in this euphoric environment when white legends like Joe Kennedy and Bernard Baruch made their fortunes in this market.

The entrance of black speculators, such as H. R. George, the Jones brothers from Chicago, and others, into this boom started a theme that was common among the first few generations of African Americans on Wall Street. With whites in control and racial tensions high, during the first half of the twentieth century minorities did not have the clout or resources to push open any doors. Instead, they could enter only when the gatekeepers gave permission. The reasons were both financial and emotional. During bull markets, more positions were available because brokerages were expanding, hiring, and focusing less on expenditures. In addition, bosses and owners were happier when stocks were rising. It was hard to find a broker who was not beaming with uncontrollable glee after earning huge sums of money. It was when the fortunes turned and people were glum that African Americans would find out how far they had really come on Wall Street. If the old adage that blacks are "the last to be hired, first to be fired" is any indication, such times would bring disproportionate pain.

However, even during the high-flying 1920s, the days of working in white-owned broker/dealer firms were still a few years away. The first African Americans documented as having substantial successes in the business came, as others did, in the Roaring Twenties. The money was enticing and it seemed as if nobody could lose. Everybody from chairmen of corporations to shoeshine boys were whispering tips and rumors, all of which seemed to pan out. Diving into the middle of this action were black speculators who did not have any clients; rather, they engaged in proprietary trading, meaning that they were investing for their own accounts.

Perhaps the most recognized was H. R. George, a Harlem resident who carried himself with a flamboyance and boldness that separated him from most. According to *Ebony,* there is a legendary description of him driving through the uptown streets in his long, sleek Packard, which at the time was the most popular car.[2] Supposedly the automobile had sleeping accommodations similar to those of a train, as well as an icebox located within arm's distance of the front seat so that he would not be inconvenienced when retrieving a snack. He used this car to travel between the two offices he maintained, uptown in Harlem and on Wall Street. He would often order his two secretaries to ride with him so that he could continue his dictation. He soon acquired the reputation as the richest black in New York.

George earned his fortune, as speculators do, by taking daring positions in investments. They take above-average risk to earn above-average returns, usually in one big coup, unlike brokers who earn their living from the commissions received with each transaction for a client. In the bull market of the 1920s, the business was not nearly as regulated as it is now, which resulted in greater manipulation and, consequently, more money. Many "pumped and dumped" easily manipulated stocks, those with little volume, and were rewarded with extraordinary returns.

It was in this scheming business that H. R. George earned the majority of his money. His attitude fit the times so perfectly that he was given the nickname the Black Wolf of Wall Street since it took the attitude and instincts of an animal to come out on top in this sea of mistrust and two-faced businessmen. At one point, the deals and investments in which George was involved were believed to have been valued in the millions.

Other black speculators were Edward and George Jones from Illinois. The Jones brothers were more famous for their "day job" than their securities positions. They were policy operators who ran "wheel games" in neighborhoods throughout the south side of Chicago. It is rumored that at their peak, the brothers were earning $15,000 a day. A stylish pair, they spent much of that money on luxurious goods and services. However, $1.6 million of it was deposited in commercial real estate that resulted in ownership of a Ben Franklin store. Other investments were securities, a natural move because many have always considered Wall Street to be a sophisticated numbers racket. At the height of their success with this endeavor, they owned more than half a million dollars' worth of equity in companies like General Motors and American Telephone and Telegraph.

Their success, as well as that of the stock market, came crashing down in 1929. In just two days that October, the newly formed Dow Jones Industrial Average fell more than 22 percent. The brokers who jumped off buildings or were sleeping on cots in shelters after losing their homes were the physical reminders of booming bank accounts that had vanished. Within a few devastating days, fortunes that investors had built with sweat over many years were wiped out.

Among those left with only their broken dreams were H. R. George, the Jones brothers, and the few other black speculators of the period. H. R. George was thrown into bankruptcy. The Jones brothers' securities holdings were wiped out as well. Years after that, problems with the IRS and mob-related problems that are inherent in the numbers racket soon forced the pair out of Chicago. Although these speculators were destroyed by the extraordinary circumstances of the Crash, they provided a historical lesson that would be revisited time and again in the decades to come. Despite great success, black financiers could count on the rapid arrival of great obstacles.

With all of the chaos of the Crash of 1929 and the subsequent Great Depression, the first stage of black participation on Wall Street ended quietly. This was not unexpected because their names and successes were not familiar to African Americans beyond their neighborhoods. From a historical perspective, in that age with few communicative mediums, these speculators did not inspire others to learn or enter the business. Nor were there opportunities to work for anybody other than themselves. Jobs at white-owned firms were not available to people of color in the early twentieth century. That certainly did not change during the Depression when white fathers could not afford to employ their sons, let alone black people. Wall Street was a battered and bruised place. The same people who had skipped along the sidewalks in euphoria, dressed in top hats and expensive coats a few years earlier, were now slumped over in despair wondering how to survive.

Because opportunities were closed in the major brokerages, a handful of black-owned securities firms opened. The R. T. Bess Company opened in 1923 and continued on into the Depression era. Another firm named the Evanita Holding Company began in 1934 and its president, John J. Gundles, operated it. He raised initial start-up capital of $10,000 by selling its stock at $10 a share. Within a year, 75 investors had signed on, and in return, Evanita issued a 5 percent dividend to all shareholders.

Not all those who expressed interest in the firm were accepted. Many indicating the little experience with securities that most blacks had during those Depression years were rejected. "[Gundles] stated that the Evanita had turned down dozens of prospective investors who were under the impression that they were going to get rich overnight," the *Amsterdam News* wrote in 1935. "The only persons admitted to membership in the company, he said, are individuals who realize that they are taking chances."[3] A testament to their hard work, the firm survived those terrible times by investing in companies like Pullman Company, Chase National Bank, and National Biscuit Company. However, the firm eventually closed in 1943. Ironically, this was a few years before an unprecedented boom in the securities business. As the United States emerged from World War II triumphant and with renewed spirit, social attitudes in the industry improved and doors opened.

The first African American registered stockbrokers and salesmen entered Wall Street in the late 1940s. (Unlike the days of W. Fred Thompson, all stockbrokers were now forced to register with the National Association of Securities Dealers [NASD], which was formed in 1939, hence the importance of the word *registered* when sifting through history.) In this pre–Civil Rights movement era, blacks were not hired because of any social motives. Reverend Martin Luther King Jr. and the now famous boycotts and sit-ins had yet to enter the national dialogue; there was no hint that the action reflected a larger effort of inclusion or other diversity initiatives. Rather, hiring this handful of African American securities salesmen was simply a business decision.

The black middle class was growing as educational opportunities increased the number of lawyers, doctors, and other accomplished black professionals. Brokerages sought to attract these investors by hiring people who reflected their background.

Exactly who became the first registered black securities salesman is unclear. Two men, Thorvald McGregor and Lawrence L. Lewis, were each credited as being the first in two different black newspapers in 1949. This confusion is understandable considering that Wall Street was not something most African Americans cared about at that time. It was not as if the entrance of these brokers sent waves throughout the country. However, the local papers, as well as broader-based black publications such as *Jet* and *Ebony,* promoted this push within the financial industry.

McGregor's Wall Street career began in the summer of 1949 at the age of 40. Born in the Virgin Islands, he spent his young adulthood in the Marines. After his service tenure, he entered the import-export business until he was hired by the Wall Street firm Mercer Hicks. One of its officials is said to have commented on the hire, "We hired him simply because we feel he knows how to make money," a progressive statement for the time, whether it was true or not.[4]

Unlike his peers, Lawrence Lewis had spent the majority of his working life in the securities industry in a number of positions. In his early twenties, he became a clerk in a San Francisco firm called J. Barth & Company. He advanced to increasingly more responsible positions like assistant and then member of the accounting arm, but he was prevented from achieving his ultimate goal of brokering on the Street. Seeking employment as a stockbroker, he moved to New York City because that is where the financial industry was concentrated at the time, and the opportunities were better. Brokerages were not distributed nationally as they are today; most of them were in New York. After a search of 120 firms, he finally found one–Abraham & Company–that was willing to hire him. Although he was brought in to expand the firm's client base, Lewis also "made it clear that he did not wish to be limited to Negro customers."[5]

Lewis's determination was quite appropriate, as other endeavors would later reveal. Although many approached the black investing market with great optimism, they soon learned that it was tougher to crack than even they had imagined. Perhaps the greatest attempt to attract black investors during this period was a move by the brokerage house F. L. Salomon into Harlem. There had been previous attempts to do securities-related business there, such as the Evanita Holding Company that tried it and failed. Hoping to defy history, F. L. Salomon opened in Harlem in the summer of 1950.

The company was a member of the NYSE, and its founder, Lewis Salomon, decided to open offices on 125th Street shortly after hiring its first black salesman, Abraham Cowing. The two men met shortly after Cowing's graduation from Hunter College. After they hit it off, Salomon set up some introductory courses for Cowing at Francis I. DuPont

Company, another brokerage. After Cowing completed those courses, the two men put together the plan for the Harlem office.

They set up shop in the Hotel Theresa. Located on 125th Street, it is a Harlem legend that was once one of the most successful lodging institutions in the city. By the time F. L. Salomon moved in, segregation was falling and the hotel's star was on the decline. It was in this space that Cowing sought to make an impact and, in some sense, recapture a taste of the Theresa's past glory.

The new venture confronted a black retail market that was not interested in the brokerage's products, a theme that will apply throughout this history. The foundation for this resentment was the severe economic inequality that divided America. Despite the growing middle class, the majority of African Americans still lived below the poverty line. With little discretionary income or knowledge about securities, most were indifferent to F. L. Salomon's presence in Harlem. Therefore, the task before them, as well as the generations of brokers that would follow, was to break through the substantial barriers that had been building for decades.

One of his methods to debunk myths or other impediments that would provoke African Americans' caution toward the stock market was to advertise using laypeople's terms. "You use electric lights daily, then why not buy in the company and share in its profits?" he would often ask. It made sense to try to sell folks on the idea of buying ownership in the businesses that they already used, but few saw the logic of his reasoning (or if they did, they refused to follow through with it). The F. L. Salomon Harlem branch closed after just three months. When asked why it failed, an official of the company said, "Negroes aren't investment conscious yet because they have not had the experience. Stock trading is still foreign to the majority of Negroes."[6] Yet, an *Ebony* article from the time went further in expressing the complicated feelings of African Americans, indicating that some of the conflict derived from lingering perceptions of slavery: "Some believe the failure is due not only to lack of investment knowledge by Negroes but also the desire of Negroes with money to go directly to Wall Street to buy stocks rather than to a Jim Crow office in Harlem."[7]

When some in the black community questioned the motives of their kind who worked in white-owned firms, entrepreneurial pursuits seemed like the logical solution. In addition, ownership brought freedom from the internal politics in offices. Breaking into the securities industry as an entrepreneur in the 1950s was difficult and unusual, which is why Norman McGhee's move was historic and important. In 1952, he created McGhee & Company, which is widely believed to have been the first black securities firm to obtain an NASD license. Rather than go through the hassle of dealing as a subordinate, he chose the founder's path. Often dumbfounded, people would ask him why he risked opening this strange thing called a brokerage. McGhee's answer would almost invariably be, "Why not?"

His work with stocks and bonds was symbolic of many of the early pioneers who would follow him with their own black securities companies. They were college-educated and maintained a business background outside Wall Street. With few openings in the white-owned firms and the problems inherited by working those companies, they simply began their own businesses as they entered the middle stages of their lives.

McGhee was born in 1895 in Austell, Georgia, located approximately 30 miles outside Atlanta. Its composition prepared him in many ways for his future life in business: The majority of residents were white. His father was a minister, and education was stressed in his middle-class family. His brother was a college professor and his sister a school principal. Norman's interest in education led him to Howard University, where he received his bachelor of arts degree, as well as his law degree in 1922. During this period, he got his first exposure to the world of business, working for Dr. Emmett J. Scott, Secretary of the Treasury of Howard University. After three years, he left the job to pursue law in the North.

The difficulties that plagued blacks in his home area motivated McGhee to move to Cleveland, Ohio. "He moved to Cleveland to escape the South and give himself a better opportunity," says his son and former employee, Norman McGhee Jr.[8] There, he set up his own law practice and eventually branched out into other areas of business. Along with serving as a consultant to the Empire Savings & Loan Company, he ventured into his most profitable business area–real estate.

Whereas most Americans viewed the Great Depression as a great calamity and watched their estates and property sink in value, McGhee saw it as an opportunity. In the late 1930s, he founded Citizens' Realty Management Company to profit from the turmoil. It was in circumstances such as these, when the storm was wild, that McGhee's personality served him best. His former secretary, Dorothy Horton, described him as a serious and intense individual. Such a demeanor allowed him to withstand the risks of real estate investments during this period of despair. As people in the Cleveland area began to lose their homes to pay off creditors, McGhee, with his connections to banks, was willing to take these assets off their hands. "He was able to get these houses for no money down and pay off the mortgages with the rent," his son remembers. His endeavor expanded so much that, at one point, his company owned more than 100 properties, which he soon leveraged to enter the securities industry. "On Saturdays I used to just collect rent and that is how he developed his money to go into the stock business," explained Horton.[9]

McGhee's prosperity in real estate was part of a series of successes that allowed him to travel in an elite circle of doctors and lawyers who exposed him to wealth and the power of investments. Also, his second wife, Dorothy, came from the wealthy and socially prominent Cook family of Washington, D.C. Perhaps his most valuable and influential experience was his work on the fiscal board of an organization named after Phyllis Wheatley, an eighteenth-century black poet. "By working at the fiscal board at Phyllis Wheatley [Association], he got some insight into the value of investments," says Horton.[10]

With this insight, McGhee constructed a philosophy that served as the foundation of his firm. He applied his stoic demeanor to his efforts to expose the serious economic challenges that faced African Americans. The *Cleveland Press* depicted McGhee as "a new type of leadership that will undertake to awaken the masses of Negro people to the wisdom of setting aside a part of their earnings for future economic security."[11] To accomplish this goal, McGhee & Company opened its doors in 1952. After obtaining an NASD license for $25,000, the firm was free to engage in business with the public. The question now became, who were they going to do business with? After friends and family had given their accounts to the firm, all efforts to expand beyond that base would be difficult. Ninety-five percent of the investing public, most of whom where white, would not dare transfer their investment securities to a so-called Negro firm, especially one without a track record. The African American retail market was full of opportunity, but that potential would not develop without struggle and persuasion.

To put it simply, the black market was not interested in stocks and bonds, as evidenced by the failure of F. L. Salomon's Harlem branch. Relative to other Americans, blacks were poorer, less trusting, and more reluctant to put their money into investments. For good reason, Wall Street appeared to be an all-white game, and in some sense, enveloped in a haze of uncertainty. Add to that the tension of the times, with their brothers and sisters fighting for their civil rights throughout the country, and the stock market was not at the top of many black Americans' agendas.

Still, McGhee was going to try and build a securities business for himself. His venture would never do well in terms of profits; his son said, "We never made a hell of a lot of money."[12] However, they were successful in drawing many originally uninterested people into the perimeters of finance.

To overcome the obstacles that encumbered his expansion, McGhee went through traditional advertising promotional channels. He was able to profit from his relationship with Cleveland's black newspaper, the *Call & Post*. Like so many black newspapers that were developed to inform growing urban populations, such as the *Amsterdam News* in New York City and the *Los Angeles Sentinel* in California, the *Call & Post* was the main source of black news in Cleveland. McGhee began his work at the publication as an editor with the *Cleveland Call* before it merged with the *Post* in the 1920s. Two decades later, with his brokerage firm set up, he began to produce a weekly column detailing the basics of investing and securities. He also used this forum to advertise his firm, encouraging all readers who sought further information to join a weekly class held at McGhee & Company offices. There, "he got people to invest in days when people didn't know a thing about it and weren't educated," says Dorothy Horton.[13]

McGhee began to organize small investment clubs in Cleveland, Ohio, as well as in other places where the company maintained offices such as Illinois and North Carolina. He would also travel to local YMCAs to orchestrate six-week investment courses. These gatherings set the stage for McGhee to stand before large groups and passionately argue his opinions about the black American's place in this country. "The time is here and now that the Negro must assert himself through participation in the industrial enterprises which have produced the greatness which is America's by becoming owners in larger measure in the share representing control of American industries," he once said. "The avenues of financial democracy are less difficult to travel and lead more directly to equal consideration and acceptance than any other road."[14] The result of these sessions was enlightened people, as well as new customers.

The black public were not the only people who needed education. McGhee's brokerage needed trained office workers. Some of those hired had little background when it came to securities; however, after some prodding and lessons, they were able to perform for the company. Dorothy Horton, who had worked as McGhee's secretary, was sent to school to take finance courses. "I became cashier and learned the terminology and how to keep the records properly because the SEC would come investigate," she explained. "One of the gentlemen from the SEC was kind enough to come down and show me how to do it."[15] Salesmen also did not have brokering experience according to McGhee Jr. They came in from the marketplace; they simply transferred from the client side, or took the lessons learned in one of his classes to the highest levels. The implementation of a full-time staff of about 10 people helped to sustain the black brokerage as it attempted to build lasting revenue streams. However, it would not be alone for long.

Another firm called Special Markets, Incorporated, also originated during the 1950s. Unlike McGhee & Company, this firm planted its roots in the heart of the financial district. The firm was announced in 1955 as "the first black-owned and -operated brokerage on Wall Street."[15] Its distinction from McGhee

& Company was one of semantics because *Wall Street* was not meant to symbolize the securities industry, but rather the actual street itself.

Even that terminology was a tad misleading because the office was at 92 Liberty Street, two blocks from Wall Street. Later, the title would be changed to "the first black firm located in the Wall Street area." That decision wasn't determined by rent costs, available locations, or other considerations; it resulted from the attitudes that the firm's mere presence inspired. "We tried for three months to get a location on Wall Street but nobody would rent to us,"[16] said cofounder and president Philip M. Jenkins in 1967.

Jenkins was the firm's driving force throughout its life. An extremely interesting and gentle person, Jenkins was better known in the New York area for his work with clocks than stocks. Born in 1898, he grew up in Bristol, Connecticut, and graduated from Temple University. He had stints in a variety of professions, for example, educating fellow African Americans about retail selling during the Depression. Throughout his life, however, his main hobby was antique clocks. So interested was Jenkins in the subject that he produced and was host of a New York radio show called *Tick Tock Time*. This interest in clocks led to one of his most valued relationships. Decades later he met then Georgia Governor Jimmy Carter while visiting the Governor's mansion as a member of the National Association of Watch and Clock Collectors. His interest was so rabid that, beyond just touring the grand structure that day, Jenkins was able to get his hands on and repair some of the mansion's old clocks.

In 1952, Jenkins settled on the securities industry as a profession. He began as an account executive at a brokerage called B. G. Phillips and Company and quickly moved to a managerial position at Baruch Brothers and Company. His success and reputation were so renowned that the now defunct

Sepia magazine dubbed him "The Wizard of Wall Street."[17] That reputation carried back over into the business world when he was named to the board of directors of the Mutual Investment Company of America. He is believed to be the first African American to reach such a position in an investment company. It was after this run of successes that Jenkins cofounded Special Markets.

Unlike McGhee & Company, the founders had substantial experience working at white-owned firms, at least in the context of the time. The word *minority* was an important part of the firm's initial business plan because they targeted groups beyond the African American market. They sought to market their services to Asians, Hispanics, and other ethnic minorities who were outcasts on most Wall Street client lists. To get business, Jenkins sought to hire salespeople who spoke the native languages of potential investors.

Even though their strategy ventured into these diverse areas, it was always their intent to keep the head of the firm black. The principals all were black. Jenkins' right-hand man at the start was John T. Patterson Jr., a tall, driven man who also had experience in the business. A graduate of Lincoln University, he worked as mutual fund salesman during the day while obtaining his law degree at night. Prior to joining the firm, he had racked up more than a half million in mutual fund sales. Earle W. Fisher, who like Jenkins had worked at Baruch Brothers, was the secretary. Naundin J. Oswell, a former official with the Queensbridge Houses, became the treasurer of the new company.

The original intent was for the firm to act as a brokerage: Find people who were ignored by the other stockbrokers, teach them about the capital markets, and execute their selected stocks. That strategy, though it seemed logical, turned out to be nothing more than a gilded dream. "Our market–the Negro market–just wasn't sophisticated enough to justify the expense," reflected Jenkins.[18] Despite the growing population of middle-class black New Yorkers, inexperience and nescience with the stock market deterred most from even attempting to purchase individual securities. Beyond the mere ability to make an educated decision about the prospects of a particular investment, there was also no real effort on the part of the black market to venture into speculation. Black families who rose in class and fortunes in the 1950s generally were satisfied with their holdings, and determined to keep them. After enduring the years of economic depression, and with memories of the 1929 stock market crash still vivid, most people were content with the conservative returns from savings accounts. African Americans also tended to spend more to upgrade their living standards. All these factors exposed the flaw in the firm's initial business plan. Even more telling were the absent profits. These circumstances led Jenkins to shift strategies and concentrate solely on selling mutual funds.

The change of strategy for Special Markets reflected a trend that was sweeping through the industry. The 1950s saw dramatic growth in the size and influence of institutional investors such as pension funds and mutual funds.

Jenkins saw mutual funds as the best investment for African Americans. These funds did not demand the financial sophistication otherwise required to maintain an individual portfolio and they were less risky. Professionally trained managers made the decisions imperative for investing money.

Another firm that strongly believed in mutual funds emerged two years later: Patterson & Company. The similarity between the firms is not surprising because it was founded by ex vice-president of Special Markets John T. Patterson Jr. The now defunct black newspaper *New York Age* proclaimed it as "the most publicized and well known of the Negro firms . . . Wall Streeters consider Patterson & Co. one of the more progressive young firms."[19]

Patterson got his ambition from his parents who owned stocks in addition to their tailor shops. "John always said that he wanted us to get our piece of the pie," says his sister, Carol Patterson Lewis. "Once he started selling mutual funds, my parents started buying from him on his recommendations and that money put me through college!"[20]

At the time of his company's founding, Patterson was 31 years old and had an enormous body of accomplishment. His career in the investment field began in 1952 at the First Investors Corporation while going to law school at night where he established himself as a masterful mutual fund salesman. He was awarded the Highest Volume Cup award for writing $127,000 worth of business in a two-month period. The following year he received First Investors Corporation's Distinguished Salesman Award. "He was the best salesman," says Lula Powell-Watson, who briefly worked at the firm. "He was very competitive, but had a way about him whether it was business, friendship, or social that was very likeable."[21] Such success led him to dream and then achieve higher aspirations. First was his stop at Special Markets; then he moved on to head the corporate finance department at a white-owned firm named McDonald Holman & Company before he founded the firm that bore his name.

Beyond the obvious personal goals involved in this venture, Patterson acknowledged the broader good of black activity in the capital markets. "I believe the Negro's salvation lies in finance, and more of us becoming owners and managers of capital," he once said. "The NAACP and the Urban League have done a tremendous job in opening up new doors for us, but as we push further ahead and the areas of segregation narrow, it's up to us to find new opportunities."[22]

The company set up shop at 250 West 57th Street and had other small offices in Washington, D.C., and Baltimore, Maryland. Although most of the firm's employees, both salesmen and supporting staff, were black, 40 percent of their customers were white. A major product of the firm was research in the form of an Investor Information Department headed by Marguerite Belafonte then wife of Harry Belafonte. Visitors at the firm commented, "Not only did we see account executives busy on the phone taking orders or selling prospects for appointments, but several were diligently studying textbooks and manuals. Said the firm's general manager, R. Franklin Brown, "Our clients depend on our knowledge in a very important area–investing their money!"[23]

Firms like McGhee & Company, Special Markets, and Patterson & Company, were small but important symbols of possibility on Wall Street. Although the owners' wallets did not reflect great success, the mere existence of these firms was a subtle indication of the progress being made. And this progress even extended beyond gender lines at a time when women were outcasts in the business despite having successfully filled men's jobs during World War II.

In 1953, Lilla St. John became the first black woman to pass the NYSE exam to work for Oppenheimer & Company. At the age of 25, she quit her career as a singer and television host in Milwaukee, Wisconsin, to enter the business because she found it "utterly fascinating."[24] Such successes were the foundation for growth, albeit slow growth, in the turbulent 1960s. In this decade, African Americans would continue to expand their firms; and in light of the social struggles, the major firms would respond with their own initiatives.