3.0 out of 5 stars **Part reality, part fiction....**, January 16, 2014

By
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This review is from: **Catching Lightning in a Bottle: How Merrill Lynch Revolutionized the Financial World (Paperback)**

In Catching Lightning in a Bottle, Winthrop H. Smith, Jr. (the son of a Merrill Lynch founding father and 28-year veteran of the firm) writes an impressive chronicle of Merrill Lynch's beginning days and climb to ultimately rank as the premier powerhouse on Wall Street, while sharing the admirable values the firm once held. It is an extraordinarily interesting look by an author with a unique perspective. This book is without question the most thorough and comprehensive work on Merrill Lynch and is must reading for Wall Street history buffs.

There is, however, one major flaw in Mr. Smith's analysis—he leads the reader to believe that Merrill's downhill slide started in 2001 when Stanley O'Neal began his reign as the firm's first and only leader without principles. This change in culture, according to Mr. Smith, was why he decided to leave the firm that same year. But, this narrative is at great odds with the reality of the 1990s when the firm was already possessed with a culture of corruption, one that has been well documented in previously published works.

As a top-rated broker for Merrill during this period, I personally witnessed this corruption. Among numerous other illicit activities in the 1990s, there was a widespread unlawful cheating scandal involving a multitude of brokers and members of management that was blatantly covered up by senior management and the board of directors. This scandal likely impacted investors in most, if not all, of the 50 states. The client most certainly did not come first as Mr. Smith suggests, nor were the "Merrill Lynch Principles"—client focus, respect for the individual, responsible citizenship, and integrity—honored.

It was this 1990s culture, during the tenure of Steve Hammerman, Bill Schreyer, Dan Tully, and others prominently and favorably discussed by Mr. Smith in his work, that set the stage for Merrill's investment banking analyst scandal and unsavory Enron dealings, as well as the demise of the firm that followed. While it is clear that Mr. Smith greatly disdains Stanley O'Neal, his placing sole blame on O'Neal's unethical and unprincipled leadership fails to recognize the moral rot that had already infected the firm.

At the final Merrill Lynch annual meeting in 2008, Mr. Smith told the shareholders, "It began with the simple belief that integrity was everything, and when a mistake was made, it was owned up to, corrected, and never covered up." This, contrary to Mr. Smith's assertions in his book, was not the case at Merrill during the 1990s. While I believe the reader will enjoy Mr. Smith's recounting of Mother Merrill's fascinating story, nevertheless, the reader should not be unaware of the rose-colored glasses the author looked through as he ignored that aspect of the ethical and moral decline of the behemoth firm that began at least a decade before he left Merrill—a decade during which he was a senior executive.