

Bond Case Briefs

Municipal Finance Law Since 1971

James A. Lebenthal, Muni Bond Expert, Dies at 86.

James A. Lebenthal, America's best-known municipal bond salesman, who turned the tax-free financial instruments called munis into a household word with radio and television ads dramatizing how ordinary investors built subways, sewers, bridges and schools, died on Friday in Manhattan. He was 86.

He died at New York Hospital a day after suffering a heart attack, said his daughter, Alexandra Lebenthal, who succeeded him in 1995 as head of the family business, Lebenthal & Company.

An irrepressible showman and financial wizard, Mr. Lebenthal (pronounced LAY-ben-thol) was widely regarded as a spokesman for the \$3.7 trillion municipal bond industry — both as a commercial pitchman and as a prominent lobbyist who resisted federal efforts to impose taxes on traditionally tax-free munis and restrict bond markets by limiting the amounts of certain bonds issued yearly by each state.

For decades starting in the 1970s, Mr. Lebenthal wrote and starred in commercials that pitched the importance of rebuilding America through public works financed by municipal bonds. With missionary zeal, he went into landfills and subways and posed in front of incinerators, college dormitories and water tunnels to sell the bonds that financed the infrastructure of states and cities.

He also talked on camera with individual investors about why they had bought municipal bonds from Lebenthal & Company. "In showing people who bought the bonds," he said, "I did the same thing as with dog food. You show the dog eating the food."

In a foreword to Mr. Lebenthal's 2006 book, "Confessions of a Municipal Bond Salesman," Paul A. Volcker, a former chairman of the Federal Reserve Board, hailed him for "popping out of sewers, standing in front of the Verrazano Bridge as if he owned it, equating the bonds he sold to the city's bridges, its water supply and, yes, its subways and sewers."

While he was licensed to sell municipal bonds in scores of states, Mr. Lebenthal focused mainly on bonds issued in New York, where his quirky commercials — a mixture of public works evangelism and Wall Street sizzle — were staples of drive-time radio and late-night television.

Mr. Lebenthal went into bonds via Hollywood and Madison Avenue. After he graduated from Princeton in 1949, his first job was covering the movies for Life magazine. Loudon Wainwright, a Life columnist, remembered him as "a bright-eyed, intense young man with so much energy he seemed at times about to ignite and lift off."

He loved to tell stories about being thrown off a movie set by Frank Sinatra or lunching with Humphrey Bogart. He also produced a film for Walt Disney, "Flash, the Teenage Otter," and a short about a tumbleweed blowing across America that was nominated for an Academy Award in 1958. Later he was an advertising copywriter for Ogilvy & Mather and Young & Rubicam.

In 1963, after years of resisting impulses to go into what he regarded as a boring family enterprise,

Mr. Lebenthal joined Lebenthal & Company. The company had been founded in 1925 by his parents, and was still being run by his mother. With characteristic energy and a well-honed talent for producing attention-getting advertisements, he threw himself into selling bonds and fighting the larger battles of the industry.

One of his early crusades was a 1967 campaign against federal legislation that would have removed municipal bonds from their tax-exempt status. He argued successfully that the step would have virtually destroyed the municipal bond market, drying up enormous financial resources needed to sustain the infrastructures of states and cities.

In 1975, when New York City was threatened with bankruptcy, he took to the hustings to explain why the city's bonds should not be allowed to fail, forecasting "higher property taxes, more slums, fewer jobs and higher rents."

Mr. Lebenthal was repeatedly the industry's point man in its media campaigns to preserve the tax-free status of municipal bonds. But the Tax Reform Act of 1986 curbed the practice of writing off interest payments on money borrowed to purchase munis, and certain private-purpose bonds became subject to the Alternative Minimum Tax.

Lebenthal & Company went out of business in stages. It was sold in 2001 to the Advest Group, which was acquired in 2005 by Merrill Lynch. Former Mayor David N. Dinkins, who had been a Lebenthal client, called it a sad day.

"When I think of the Lebenthal brand, I think of New York," Mr. Dinkins said. "It's like losing the Brooklyn Dodgers."

James Avram Lebenthal was born in New York on June 22, 1928, the son of Louis and Sayra Lebenthal. They had founded their business three years earlier in a two-room office on Lower Broadway, selling munis to store owners, Florida retirees and dentists in odd lots of \$500 or so at a time when municipal securities were mostly the province of the rich who could afford \$100,000 blocks returning lucrative tax-free interest and the time to wait for a full refund of their principal in 20 or 30 years.

He graduated from the Dalton School in 1941, from Phillips Academy Andover in 1945 and from Princeton four years later.

Mr. Lebenthal and his first wife, Jacqueline Beymer, were married in 1961 and had three children: Claudia, James B., and Alexandra. His wife died in 2010. Mr. Lebenthal later married Betty Wright Landreth. He is survived by his second wife, his three children and five grandchildren.

After Mr. Lebenthal's father died in 1951, the company was led by his mother until she retired in 1992 at age 93. Mr. Lebenthal served as president until 1988 and chairman until 1995, and remained as a consultant after his daughter succeeded him. They both left when Merrill Lynch took over in 2005. In 2007, James and Alexandra Lebenthal founded a new Lebenthal & Company, a wealth management and municipal bond firm.

Mr. Lebenthal, who had homes in Manhattan and Pawling, N.Y., was a longtime trustee of the Museum of the City of New York. In addition to "Confessions of a Municipal Bond Salesman" with Bernice Kanner, he was the author of "Jim Lebenthal: Lebenthal on Munis — Straight Talk About Tax Free Municipal Bonds for the Troubled Investor Deciding, 'Yes' or 'No' " (2009).

THE NEW YORK TIMES

By ROBERT D. McFADDEN

NOV. 14, 2014

Copyright © 2024 Bond Case Briefs | bondcasebriefs.com