

Bond Case Briefs

Municipal Finance Law Since 1971

Municipal-Bond Dealer Hired English and Philosophy Majors.

Richard J. Franke, who has died at age 90, specialized in tax-exempt securities as CEO of Nuveen and founded a humanities festival in Chicago

Richard J. Franke was a history major at Yale before earning his M.B.A. degree at Harvard in 1957.

Later, as chief executive of John Nuveen & Co., a Chicago-based fund manager specializing in tax-exempt bonds, he considered that history degree at least as important as the business training. He was more apt to quote Sophocles or Montaigne than any financial guru. He hired people with degrees in philosophy, English or theology as well as those with financial skills.

The humanities, Mr. Franke argued, were the best way to learn communication and critical-thinking skills, understand other people, and stay open to adopting new ideas as new information emerged.

“Business leaders with a background in the humanities have a deeper understanding of themselves and others,” he said in a 2000 speech.

Mr. Franke spread his secular gospel partly by founding the Chicago Humanities Festival, which since 1990 has used concerts, films and other performances to draw people into lectures and discussions they might otherwise skip. This year’s festival includes the filmmaker John Waters and the comedian Sarah Cooper.

As a CEO, he declined to serve on other companies’ boards and instead devoted himself to nonprofits, including the Lyric Opera of Chicago, where he believed he could add more value. He led a book-discussion group for more than 35 years.

Mr. Franke died April 15 at a hospital in New York. He was 90 years old and had recently broken a hip.

Richard James Franke (pronounced Frank-e) was born June 23, 1931, and grew up in Springfield, Ill. His father, who left school after the seventh grade, was a dry cleaner and during the Depression provided startup capital for jobless people who wanted to set up small businesses.

In 1949, Mr. Franke boarded a train for the trip to New Haven, Conn., where he enrolled at Yale. At the train station, he recalled, his father said: “Rich, I have taught you all I know. Now is time for you to go off on your own.”

Yale was a cultural shock for a Midwesterner whose parents hadn’t gone to college. The prep-school set teased him for wearing the wrong clothes. Still, the liberal-arts education he got there enriched his entire life.

After graduating from Yale, he served in the Army, which posted him in Colorado. He worked as a mailroom intern for Nuveen in 1955 and returned there after earning his M.B.A. In 1958, he married

Barbara Easley, whom he had known since high school.

Early in his career at Nuveen, he traveled the South to pitch local officials on the advantages of using tax-exempt bonds to finance infrastructure. "I had plenty of ambition and painfully few verbal skills," he wrote in a memoir prepared for his grandchildren. "Slowly, I became better at presentation and even recruited a respectable amount of business for our firm."

In 1969, he joined Nuveen's board. To show his commitment, he borrowed \$100,000 to buy shares in the company.

The timing could hardly have been worse. Nuveen, founded in 1898, was stuck with too many bonds as prices dropped. The value of his stock was wiped out, and Nuveen averted a collapse only by getting an emergency injection of cash from Investors Diversified Services Inc. As the new owner, IDS ousted most of the top executives but kept two, Frank Wendt as chief executive and Mr. Franke as executive vice president, to sort out the mess.

IDS sold Nuveen to St. Paul Cos., an insurer, in 1974, and Mr. Franke rose to chief executive. Nuveen now is owned by Teachers Insurance and Annuity Association of America, or TIAA.

The market for bonds was difficult in the 1970s as soaring interest rates reduced prices for the securities. Even so, Nuveen returned to profitability and was in a good position to benefit from the long-term fall in interest rates that began in the early 1980s. The firm thrived as a manager of municipal-bond funds. Under Mr. Franke, Nuveen stopped making markets in U.S. Treasury bonds in 1980 to focus on municipal bonds.

A narrow focus on tax-exempt bonds served Nuveen well for years but by the mid-1990s was sometimes seen as a liability. After Mr. Franke retired as CEO in 1996, Nuveen diversified into equity funds.

Mr. Franke moved to New Haven, partly to maintain his connections with Yale. He was a fellow of the Yale Corporation for 12 years and was a life trustee at the University of Chicago. He wrote a 521-page book, "Cut From Whole Cloth," on his family's history.

"You don't retire," he wrote. "You do something different."

Though he had spent a career in the bond market, he shunned credit cards and other types of borrowing in his personal life and refused to embrace online banking.

Mr. Franke's survivors include his wife of 64 years, Barbara Franke, two daughters and two grandchildren. In the memoir he wrote for his grandchildren, he recommended a rich diet of reading, including biographies and obituaries.

For leaders of book-discussion groups, he advised holding sessions somewhere other than in members' homes. "When we experimented with meetings in our homes, we found we had too much conversation about the house in which we met and the snacks we ate, when we were supposed to be discussing literature," he wrote.

The Wall Street Journal

By James R. Hagerly

Apr. 28, 2022 10:01 am ET

