

To: Clients & Friends
From: Chris Weil

Third Quarter 2025
July 15, 2025

This will be the first of my Chairman Emeritus' Newsletters post-retirement. The firm has asked that, despite my retired status, I continue to write quarterly and so maintain a tradition that extends back over twenty years.

During my sixty-two years of active involvement in the financial advisory/real estate partnership/investment management businesses I estimate that I have had over fifteen thousand meetings - with clients, prospective clients, partners, employees, vendors, lawyers, accountants, developers, sellers of a variety of financial service products and miscellaneous others, in addition to phone conversations many orders of magnitude greater than the number of in-person meetings.

This history, and particularly the learnings involved, will almost certainly be mined for subjects of forthcoming newsletters, as well as this one.

In all the years of writing this newsletter I have consistently steered clear of controversial, and particularly political, topics. As advisors our job, to the extent it involves controversial commentary at all, is to challenge client attitudes and opinions which, in our opinion, work against their financial well-being. And that's it.

Now, as to my business history and to what extent it can have any interest or value to readers.

I have always been suspicious of gurus, experts, pundits, et al whose expertise is packaged and marketed as the average person's guide to proficiency on whatever the subject matter happens to be. One reason for my suspicion? There are no average people. "Average" is a necessary statistical creation designed to smooth out the unique characteristics of each individual member of a particular class and so reduce the number of human variations to a manageable few. When writing for the average person, the guru, the expert, the pundit who is addressing a large audience needs to avoid the special cases, the one-offs, the odd ball examples and the exceptions which don't prove the rule. They take up too much time and have only limited applicability. (Note the underlined items. These tend not to be highlighted in any discussion of career

planning or career advancement. Whatever the case may be with most careers, in my case these items seemed to have been everyday occurrences).

So what? As I share stories from my sixty-three-year career, I hope they resonate with most readers (not just, God forbid, the “average” reader). It turns out that I too have enough of the pundit in me to hope that my experiences, my successes, my failures, my learnings will “add value” to my reader’s own journeys. You could say the newsletters hereinafter will be my own version of a “guide to proficiency.” And if it turns out that some readers have nothing to learn well then, at the very least, I trust they will be entertained.

My list of learnings is long, so long in fact that some have suggested I write a book. We will see. But let me jump the gun and start with a few “stories from sixty-three years,” each embodying a “message” I needed to heed and which, if heeded, contributed to whatever subsequent success I may have had.

1. There will always be people who are more attractive, more popular, smarter, better educated, more physically fit, richer and more successful than you. Forget it. You are not in competition with anyone - except yourself. When I finally awakened to this, after years spent trying to compete with others based on what I viewed as their lead(s) on me, my life settled as I focused on what was needful for myself and my family. (The old competitive urges arise occasionally but I now know them for what they are and I don’t let them drive my attitude or behavior).
2. You can learn a lot by losing. And while no one sets out to deliberately lose, in a perfect world they should. So much of peoples’ successes arise from non-replicable conditions and so do not often provide a template for future success. Not so with losses. In retrospect the template (the description of how things went wrong) is usually unambiguously clear. As I intend to tackle this subject in future newsletters, I will say just a few more words here. First, the mantra of any “loser” should be “it seemed like a good idea at the time.” If, initially, it seems like a good idea then the temptation is to short cut the investigative process and let your enthusiasm and your intuition make the decision for you. On matters of small consequences, it may not make much difference how you make decisions (except to the extent cutting corners becomes habitual) but on matters of significance the results could cause serious damage (personal, professional, financial, reputational). Of course, you could get lucky (it has happened to me a few times) but you cannot build a successful business, or life for that matter, based on the luck of the draw.
3. Many years ago I had an acquaintance who was a senior manager of a health insurance company. At some point, probably over a drink, he told me that there were two kinds of health insurance companies: those who underwrote at the time of issuance and those who underwrote at the time of claim. And his company was of the second sort. The significance hit me immediately - and its import extended far beyond health insurance. In his case, the company undertook little or no serious investigation during the underwriting process and issued policies to virtually all applicants. But, when a claim was made, the company got serious and, before making any payments, did a thorough review of the insured’s application. Did the applicant tell the truth, the whole truth and nothing but the truth? Was the prior

medical history, or current medical conditions, fully disclosed? Were all the applicant's doctors listed? Were there any answers on the application that might be construed as a misrepresentation, whether by omission or commission? Any discrepancy provided grounds for denial of claim.

There is a moral here but first a related example.

Some years ago I had an acquaintance who ran a large independent securities firm. I once asked him why his firm had such a large number of arbitration cases (the securities industry's most common method of settling disputes with clients) far in excess of industry averages. He laughed. "I find it easier to run a somewhat lax ship" meaning his was lax in his hiring practices, which resulted in at least some of his brokers being the sort who were known to stretch the truth when talking to clients, which meant a larger than normal cadre of unhappy clients when promises didn't pan out, which meant all those arbitration cases. He went on to tell me that the higher incidence of arbitrations was priced into his budget, meaning that his commission schedule and service fees to brokers covered the amount of expected excess arbitration claims. His casual hiring practices also allowed for the bulking up of his sales force so he had the commission volume of brokers who at some point he would fire if, and when, customer complaints become too numerous. You may call this a cynical way to run a business, and you would be right. It is also a version of underwriting at the time of claim rather than underwriting at the time of issuance.

The moral? Beware of opportunities, and not just financial opportunities, where the initial attraction appears to be significant gain but gain that masks the downstream risks or, more often, where the downstream risks are denied or minimized or rationalized as being worth the price. (Both the insurance company and the broker dealer are long since out of business. You can fool all the people some of the time and some of the people all of the time, but you can't fool the regulators forever.)

4. It is true that there are people who know from an early age how they want to live their lives, who know they will be computer scientists or doctors or musicians or parents of five when they grow up - and plan their personal, scholastic and career paths accordingly. But for many youngsters, and not so youngsters, whatever paths they take seems to be based more on accident than design, more on expediency than calculation; in effect, lives more unplanned than planned. This was certainly true in my case. As confirmation I'm taking the liberty of enclosing a bit of autobiography I wrote for my children describing how I "landed" my first real job. If nothing else, it should be of some comfort to parents who have despaired as to the prospects for their child (in my case, adult), as did my mother.

Fast forward. We have discovered in our capacity as employers that the majority of prospective employees we interview (particularly for entry level positions) have aspirations but not a particularly well-defined preparation for the job. That's OK, you can learn on the job. The exceptions are such talents as accounting, securities analysis, and financial planning, where specific expertise and experience is a prerequisite - although in the case of securities analysis and financial planning, we have had great success training people into those positions.

So, in many cases we are not looking for applicable experience (in many cases it isn't there anyway) so much as we are looking for people who may well have an "unplanned" career path to date but do have, at least in some state of development, what are misleadingly called "soft skills." The cultivation of soft skills does not require academic preparation or any particular work experience. But, when internalized and made habitual, does virtually assure success - wherever you are, whatever you do. (I use the qualifier "virtually" because if you perform your duties competently, and do so evidencing soft skills as well, yet find yourself stuck and without due recognition then ... you're in the wrong place.)

What are these soft skills? Actually, they are very well known, albeit still undervalued, as to their importance in career development and job satisfaction. Curiosity, self-confidence, honesty, kindness, integrity, ambition, diligence, a service orientation, optimistic by nature while realistic by experience, hard working without being a workaholic. I know this sounds like something from the Boy or Girl Scout manual. I am not so sure this is a bad thing. I know some ex-Scouts and they all seem to be happy campers (!) at work and at home.

Heraclitus tells us that character is destiny. Less dramatically I would say that character, which is a shorthand way of describing the aggregate of soft skills, predicts success - and not just success in your career but in your life as well. And yes, there are certainly people deficient in these skills who nevertheless seem, all too visibly, to have it made. But it has been my experience that, at the end of the day they, like the companies above, are out of business.

See you next quarter,

Chris Weil

Unprepared, Unqualified, Unsure: My First Private Sector Job

a biographical piece by Chris Weil

In the history of business there have been any number of entry level job seekers whose prospects for success would seem, to an objective observer, unpromising.

You could count among these a 25-year-old Christopher Weil sitting on a cool February morning in 1963, in the passenger seat of a fairly new Cadillac parked on a Westwood street and listening without understanding to the pitch of a company recruiter.

My prospects for business success were unpromising for nowhere in my personal history was there a hint that I was destined for a business career, successful or otherwise.

In four years of college, I had never taken a business or economics course or indeed any course that could be said to teach practical knowledge. Furthermore, my family had never owned anything except houses and personal effects. "Wealth" was whatever cash happened to be in the bank and whatever amount of money was coming in the next paycheck. And, despite my age, I had never held a real job. I had only worked part-time (selling newspapers, clerking in liquor stores and markets, shelving in libraries); and had spent four years in the Navy which wasn't a job but a trial. Finally, my family had nurtured in me a pro-work but anti-business ethic. In part this arose from my father's commitment to the labor movement (and his corresponding dislike of business which he viewed as labor's ever exploitive adversary); and in part from my mother's conviction that business was unworthy of the attention of first-rate minds.

During each of my summer vacations while in college I had worked as a recruiter on temporary active duty at a local Naval Reserve Training Center. July, August and September I spent convincing 18 year olds that it was better to enlist in the Reserve and spend two years on active duty than enlist in the regular Navy and spend four.

The summer of 1962 should have been my final "enlistment" for I was to graduate in June 1962, then work for three months while looking for a job. But that spring it became all too clear that I was not going to graduate. I discovered that I had managed to take only a year and a half of foreign language and the requirement for a B.A. was two.

I was disheartened. We were broke; my wife happened to have pneumonia at the time but, healthy or otherwise, I had her and a one-year-old to support; and my four-year G.I. Bill money had run out, so I elected not to return to school in the fall. I petitioned the Navy to let me work beyond the normal three-month tour. My petition was approved and I was contracted to spend July 1962 through March 1963 as a recruiter.

During that summer I had job interviews with whatever enterprise would talk to me. But I must have been an unappealing candidate (a philosophy major without a degree) for I was never called back (by Prentice Hall, the U.S. Public Health Service, the Telephone Company and five or six others).

By February 1963 I was convinced that I would be spending the next few years pumping gas. The job interviews had petered out and I had, as they say, no prospects.

Then, one evening the phone rang in the tiny student housing apartment we were shortly to forfeit (as UCLA had discovered I was no longer a student and hadn't been since June) and a voice introduced himself as Mr. Morph (or some such sound) and that he represented the investment firm Investors Diversified Services and that through a friend he'd learned I was in the job market and could we talk? I agreed to meet him for breakfast that week.

The breakfast meeting lasted two hours and then we adjourned to his car to continue talking. And so it was that I found myself listening but not understanding on that morning in February.

Soon I was attending my next meeting, this one at the offices of the company – located in a building just this side of shabby and that side of respectable – on Wilshire near Western. Present were Mr. Morph (actually, his name turned out to be Stanley J. Sponholtz), the recruiter and Don Christopher, the Divisional Sales Manager.

I was dressed in my best: slacks, sports shirt, loafers and white socks.

We pretty much covered the same ground covered in the first meeting with pretty much the same result: total lack of comprehension on my part. I asked for a week to think it over.

At our next meeting I started at square one and, to my surprise, detected a certain impatience on the part of Sponholtz and Christopher. They thought that these matters had been dealt with before. I had sense enough to take another tack. In effect I said that I had no idea what their company did, nor did I have any idea what they wanted me to do but if they'd pay me \$100 a week I'd come to work for them.

And so it was agreed. Some months later I discovered that what I had agreed to was a draw, otherwise known as an advance against commissions, but at the time the distinction between draw and salary meant nothing to me.

Almost immediately, our little family moved from its 600 square foot apartment at UCLA to a 600 square foot apartment in Westchester; and I began to “work” for IDS – which meant going each day to the Wilshire office to prepare for the securities licensing exam I had to pass to be in the business and, not unimportantly, assure the continuation of my \$100 weekly check.

Our trainer employed a rabbinical teaching method. We studied only one document, a prospectus for one of the IDS mutual funds. In those days, a fund prospectus ran to 25 or so pages of closely printed text. We began our study by reading sentence one of paragraph one of page one. After reading the sentence the trainer would provide an explication and then closely question us as to our understanding. When he was satisfied that we (meaning the slowest of us in the class, meaning me) had got it then it was on to sentence two of paragraph one of page one.

And so it went for four weeks. At least that's the way it went mornings. After lunch we shifted from textual explication to sales training.

At some point it became clear to me that the job I was embarked upon consisted of 1) telling the story (that is, the mutual fund story but boiled down from the twenty or so mornings I was devoting to mastering it to perhaps thirty minutes) 2) telling it to as many people as I possibly could; and 3) having them buy it (which meant writing a check to open an account and purchase shares).

With clarity came shock. For quite aside from the fact that “salesman” meant someone in a loud shirt standing outside a car dealership trying to lure unwilling customers inside I could not imagine how I was to make a living even if, as seemed unlikely, I could learn how to sell. I had no money; I didn't know anyone who had money. So what if I could tell the story to anyone who would listen? At best I would be met with nothing but shrugs and empty pockets turned inside out, forever.

I took and passed the securities exam in May 1963. I could explain what a mutual fund was (in more than thirty minutes but less than twenty mornings) and write letters and make phone calls seeking opportunities to tell the story. These were my qualifications. What I did not know (about business, people, investments, my company and myself) would have filled a library.