

Mixing Mammon and God

Jonathan Chevreau, Financial Post · Oct. 12, 2011

It's not often a prominent Wall Street media darling bares his soul.

Even rarer are accounts of religious conversions.

Readers get both in Peter Grandich's *Confessions of a Wall Street Whiz Kid*.

The Grandich Letter is widely cited by the global media, including this newspaper.

Grandich didn't come from money or even a highly educated family. Born in the Bronx in 1956, he dropped out of school for good at age 17, which made for long odds of one day being dubbed "The Wall Street Whiz Kid."

His street smarts honed his no-nonsense approach to investing but the route to the top came via a series of dead-end jobs. In the 1970s, Grandich lived the disco lifestyle, grinding it out in nowhere jobs and living for the disco by night.

While working in a warehouse, he taught himself investing at the local library and in 1982 got lucky with one of his first stock speculations. In a year, he parlayed US\$7,000 into US\$100,000 through trading options, then lost it all on an illfated penny stock adventure.

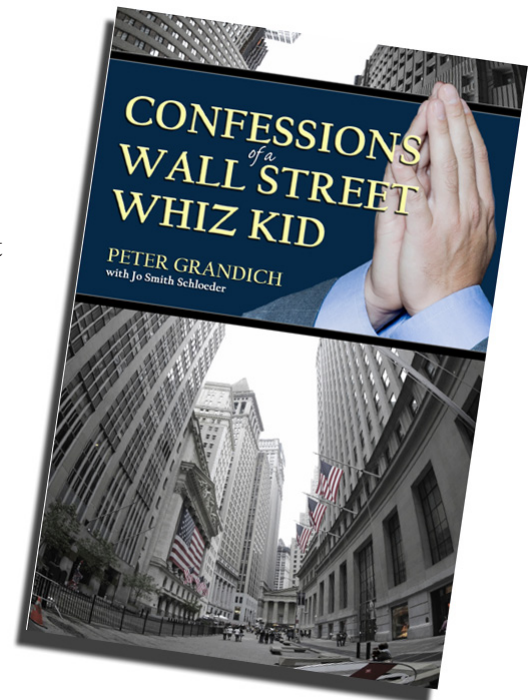
But at 26, he was impressed that despite his personal losses, his stock broker still made money. Intent on becoming a broker himself, he started an investors club, which led to his first brokerage job on Wall Street. "This high school dropout was now offering advice for other people's money ... and lots of it."

His next break came when realized he hated the traditional way young brokers built up their client base: cold-calling. "I really stunk at it." His mentor suggested he write a newsletter to attract clients. Thus was born The Grandich Letter.

After 27 years on Wall Street, Grandich finally figured out that, no matter how fancy their computer models, in essence financial firms simply guess when they create financial plans - starting with a stab at the dollar number a client thinks they'll need to accumulate in order to live happily ever after. This is followed up with a second raw guess involving financial products designed to get there.

The reality, Grandich confesses, is that there are four major economic factors at play: interest rates, tax rates, inflation rates, and rates of return. And the "little secret" is no one can accurately predict the course of these factors consistently over time.

The newsletter honed his writing skills and helped make him a media pundit. Publicity grew "like a virus," leading ultimately to his fame in financial circles. A 1987 call to sell everything just before the crash that



year added to his legend, as did his second “famous prediction” that the market would scale new heights within two more years.

Whether lucky calls or shrewd ones, the publicity built his business, his reputation and - he ruefully adds - his “growing ego.” He became a much-in-demand public speaker, including occasional gigs in Canada, and ultimately started his own firm, the Peter Grandich Co.

Here the book takes an unexpected twist into the spiritual dimension. Grandich comes down hard on himself, berating his ego, his selfishness and quest for material wealth. This included a growing obsession with race cars, horse racing, golf and all the other trappings of wealth.

Before he reached the age of 50, he was semi-retired but as the dot-com craze grew, he became anxious and depressed.

Early on, Grandich’s church-going was mostly for show and to accommodate his Catholic wife. But when he said his newborn daughter was healed by prayer in the 1990s, he began taking his religion more seriously. He “started to believe in God on a real, daily basis,” even though he viewed himself as a “sinner . and a big one, at that.”

Despite his wealth, he felt like most Americans that he was living beyond his means, so “super-down-sized” his high-net-worth lifestyle.

This is the part of the book that most appeals to me, the frugal, modestly paid journalist whose motto is “Freedom, Not Stuff.” Grandich mixed God and Mammon with the creation of Trinity Financial, which espouses a “Godly way to approach finances,” especially for the rich sports stars that were its chief clients.

Ironically, the biblical counsel of not worrying about how we will live is the antithesis of obsessing about wealth. In the closing chapters, Grandich describes retirement as a “manmade myth.”

He’s pessimistic about America’s future and less enamored of stocks than in his heyday. On the other hand, he says focusing on a huge retirement nest egg is “a slap in our Creator’s face that trusting him is not enough.”

A remarkable conclusion for a Wall Street legend and a remarkable memoir.

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