

# The Carnegie Counselor

THE CARNEGIE INVESTMENT COUNSEL NEWSLETTER

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## Tuesdays with Myron

The same year Prescott, Ball and Turben founded Carnegie in 1974, Myron “Bud” Urdang sold his family’s third-generation scrap metal business and spent the next five years learning how to manage the money from the sale.

The self-taught investor learned enough through the inflationary years of the ‘70s that he started helping family and friends. In 1979 he formally registered with the SEC to become a Registered Investment Advisor. He registered not to develop an investment business, but because the investment business demanded his service.

Bud served his limited clients as if they were all family members. He only served people who truly needed his help and then charged them probably the smallest fee of any advisor in Ohio. Family members became clients and clients became family members. His specialty was investing in bonds, specifically municipal bonds. He knew most of the bond traders between Chicago and New York, and they all knew Bud. If a trader had an attractive bond, Bud would ask a number of questions and then request time to think about the decision. This would allow Bud the opportunity to do his own

research before committing to the bond. He never bought a bond without doing his own research and then negotiating to a price he thought was fair. I remember sitting in his office a couple years ago while Bud had a conversation with a New York trader. The trader claimed if he sold the bonds to Bud at the price Bud wanted, the trader wouldn’t make a commission. Bud was always reasonable, so his quick retort to the trader was, “Well, call me back when you find the bonds cheap enough to make a commission.” The trader called back within an hour and Bud got his bonds at the price he wanted.

As an analytical person, Bud wouldn’t round numbers. If we were discussing the amount of cash in an account it was always \$15,948.31, not \$15,950. I believe this close scrutiny was the result of his years in the scrap metal business. When everything is valued in pennies/pound, knowing the number of pennies is important. It is this attention to

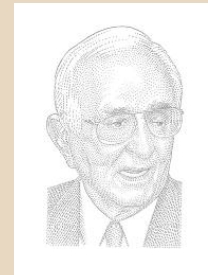


Illustration by Kevin Sprouls,  
creator of the Wall Street Journal hedcut style

**Myron “Bud” J. Urdang**  
1924-2012

detail that made him such a good bond investor. I reached out to Bud a dozen years ago because he was known as the “bond guy” in the Cleveland investment community. He humbly suggested, “Not sure what I can teach you, but if you want to spend the time, it will have to be on a Saturday when I’m not distracted.” While Bud watched the pennies, he was always fair. While we had numerous lunches together, never was I allowed to pick up the check. Once when he used Carnegie’s high speed copier, he insisted on paying for the printing and I refused to take his money. Not being able to pay for his copies didn’t sit well with him so he sent me a restaurant gift certificate.

A book could be written on how he took care of his personal family. His generosity had no bounds. While blessed with two great daughters, he personally provided for seven undergraduate degrees and four post-graduate degrees as a result of his five grandchildren. Education was a priority for him, being a student from Wharton (and Harvard), he emphasized the importance of education to his family and paid the tuitions to Penn, University of Chicago, Cornell and others. His stoic office walls were adorned with one personal embellishment - pictures of his family. He didn't belong to a country club because he had everything he wanted and his free time was spent with his family. He set up trusts, did annual gifts and funded retirement accounts, but he also taught his family the disciplines of saving money and living within their means. This lesson was embraced by his granddaughter Kim who called within a month of giving birth to her first son so she could set up a savings account for Noah. Truly a lesson that will keep on giving.

A few years ago, Bud decided it was time for him to step aside and prepare someone else to learn about his family's needs. He came to the conclusion that Carnegie might be the right firm for his family, but he wanted to spend considerable time educating us on the nuances of the accounts. We arranged to meet every Tuesday morning so Bud could educate me on the appropriate investment style and needs of each

of his accounts. For eight months I visited his office and sat taking notes on each portfolio Bud managed. Quickly I learned it was not to learn about the investments. Bud was comfortable with our style; it was Bud's opportunity to teach me about the people behind the accounts. It was his priority that I know who the people were and what their individual needs were. This was the power of Bud's investment style; he knew the people better than anyone and made the best investment decisions based upon this knowledge. This is a lesson for all investment advisors.

A year ago, Bud had a surgery to remove a growing aneurism and he never recovered physically. He spent the last year of his life in a nursing home that was very uncomfortable for someone who enjoyed his independence and mobility. Still, he was always interested in the daily management of his portfolios. During the past year I spoke to Bud almost daily, and as his son-in-law Len reminded me, "This is how he would have taken care of someone." He was correct, of course; while it isn't my nature to call any client daily, it was Bud's, and in his situation a quick call was enough of a lifeline he needed. We lost Bud last week and I miss him deeply. Several times already an event in the markets has occurred and I'll think about calling him. I didn't realize the daily phone calls had become as important to me as they were to Bud. I do believe he is still monitoring his portfolios as he always did, and watching to make sure my portfolio adjustments



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reflect the objectives of his family. Talking with him over the phone is no longer possible; however, his impact means the conversations will continue.

– Richard Alt

