



BusinessOutlook

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Power and fear in Hato Rey

By LORELEI ALBANESE
Of The STAR Staff

PaineWebber President Miguel A. Ferrer, the big gun in Puerto Rico's securities business, triggers both awe and fear among colleagues. The head of Puerto Rico's largest brokerage is known for his aggressiveness, marketing acumen, creativity and contribution to the growth of the industry. Most everyone agrees he's one of a kind.

"He's Mr. Enthusiasm, a great spokesman for the industry," says José Ramón González, former president of the Government Development Bank, and an admirer. "When you consider his length of tenure and breadth of experience, there's nobody quite like him."

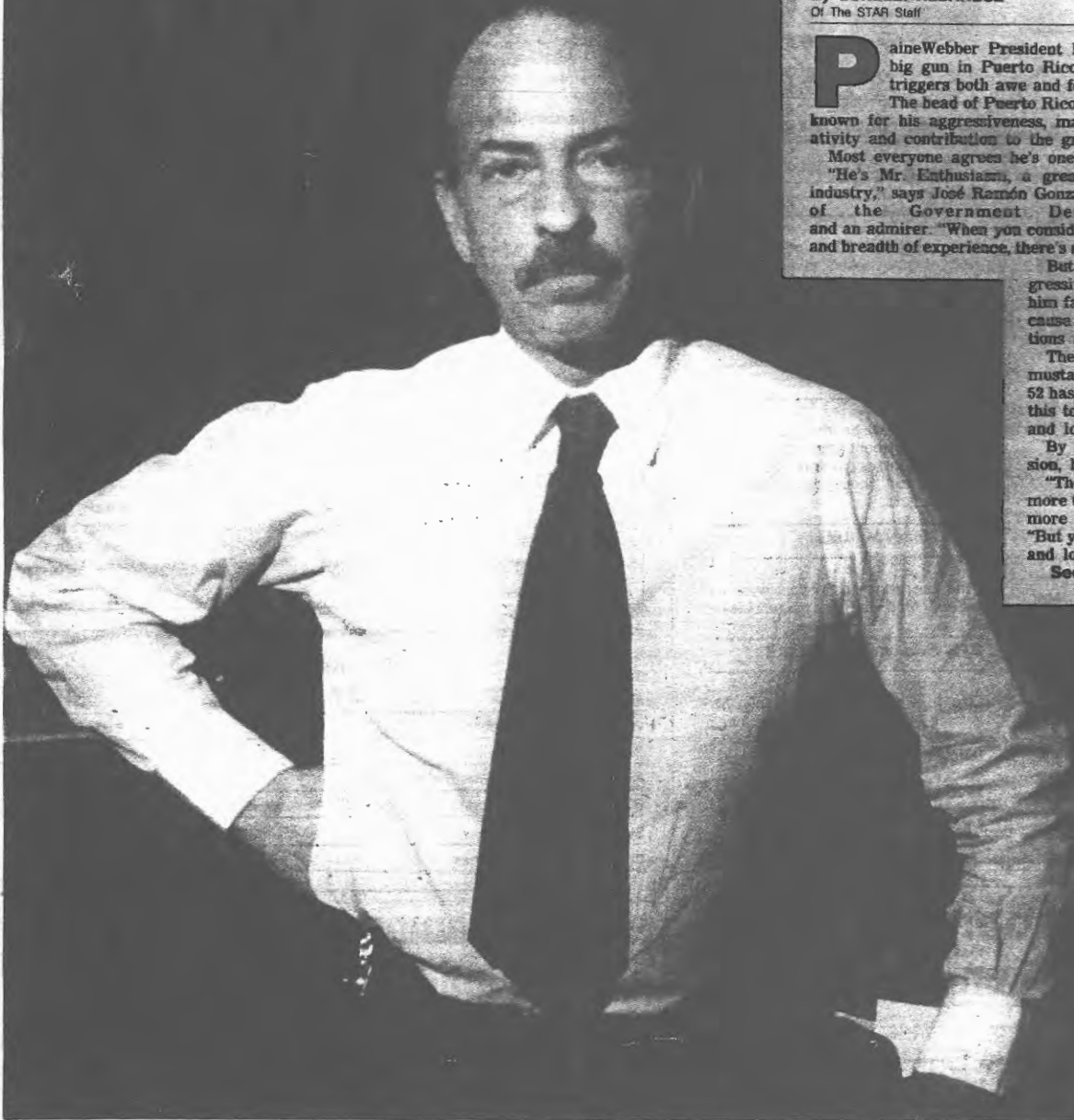
But the same tough, aggressive style, that has won him favor, also has been the cause for strong reservations among his colleagues.

The truth is the balding, mustachioed Ferrer, who at 52 has a long track record in this town, also inspires fear and loathing.

By Ferrer's own admission, he hates to lose.

"The trick is to be right more than wrong, and to win more than lose," he says. "But you have to hate to lose and love to win."

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Miguel A. Ferrer, president, PaineWebber Puerto Rico Inc.

STAR photo by Humberto Tr

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That's putting it mildly. The truth is Ferrer is so tough he can "steamroll" opponents who can't hold their ground, says González.

Ferrer's ferocious side recently got the better of him. When the wealthy Fonalledas family, which is developing Plaza del Caribe shopping mall in Ponce, snatched a \$58 million bond issue from PaineWebber and handed it to rival Shearson Lehman Brothers, Ferrer didn't take it sitting down.

He ran a full-page ad in the press extolling the virtues of other investments — during the bond selling period. "Don't get stuck with a questionable investment," the

ad read in part.

Ferrer maintained one thing had nothing to do with the other, adding that PaineWebber places ads all the time.

But the ads may have had an effect. Shearson Lehman eventually had to convert more bonds to shorter terms, making them more attractive to investors.

"He represents everything that is good about Wall Street and everything that is bad," says one securities lawyer about Ferrer.

Such tactics raise the question of whether brokerage customers also have felt the sting of PaineWebber business practices. Ferrer maintains, "We have less [complaints] than any other brokerage in Puerto Rico and

Ferrer has knack f

probably one of the least in the whole industry."

It's unclear whether this is true. Laura González, head of the Financial Institution Commission's securities division, wouldn't divulge how many of the 25 formal complaints filed against brokerages this year involved PaineWebber.

"He's gotten into quite a lot of litigation in the past," said the securities lawyer, "but he hasn't gotten into serious trouble. He's very astute."

A second generation Cornell University graduate, Ferrer may have picked up some of his business savvy during his days at Eastman Dillon Union Securities. He was tapped to head Eastman in 1965 at the tender age of 26, with only four years of experience at Merrill Lynch.

Eastman Dillon, which later became PaineWebber, was known for its marketing and advertising prowess, a strategy which Ferrer continued to build the island's largest securities firm, with more than 50 brokers. That's roughly double the number of brokers at any other single firm.

"We believed in rapid expansion of services and personnel, and assertive advertising and marketing," Ferrer says.

Ferrer's resume boasts an impressive string of firsts: initiating local industrial development issues, promoting the popular mortgage-backed securities known as Ginnie Maes, and the first to tap the local capital markets for a significant amount of funds — \$276 million for the Puerto Rico Telephone Company in 1988.

"Miguel Ferrer is probably the best investment banker in town . . . creative, inventive and a hard worker," says R-G Mortgage President Víctor Galán. R-G's first Ginnie Mae issue, sold in 1977, was packaged by Ferrer when he headed Blyth Eastman Dillon.

Ginnie Maes are securities backed by pools of mortgages sold to investors, who then collect the mortgage principal and interest. Packaging and selling the mortgages allows mortgage banks and others to free up capital for new mortgages or investments.

To some extent Ginnie Mae's have become a thorn in the side for Ferrer. They are the investment of choice for Puerto Rican investors, known as a conservative lot.

Ferrer has been heard to rail about how local investors don't take chances.

He now is pushing venture capital funds, even though they haven't caught on locally. PaineWebber expects to come out with three separate venture capital funds starting next month.

"Everything has its timing . . . this is the year of the venture capital," Ferrer says.

Venture capital is but one of Ferrer's industry-shaping ideas.

As far back as 1975, he also was part of a select group of leaders that came up with a proposal to save the federal tax breaks granted to certain U.S. manufacturers with operations here.

"If you add up all the deals he's done it's got to be in the billions," says Hans Hertel, president of Ponce Federal Bank, which has retained PaineWebber as the bank's financial advisor.

One reason Ferrer is so effective is that he's socially and politically well connected. He has long been in good standing with the Popular Democratic Party, defending Commonwealth status before U.S. Senate hearings into the Puerto Rican plebiscite.

And he comes from a family of professionals whose accomplishments are well known in Puerto Rico. Father, architect Miguel Ferrer Rincón, in partnership with Osvaldo Toro, designed some of Puerto Rico's outstanding buildings, including the Caribe Hilton Hotel. Grandfather, Miguel Ferrer Otero, an engineer, built Ocean Park. His brother, Eduardo Ferrer, is president of two marinas in San Juan and Fajardo.

Being well-connected is one quality that puts Ferrer in great demand for civic projects.

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or making money



Miguel Ferrer: Call him Puerto Rico's biggest dealmaker.

He heads this year's annual Red Cross fund raising campaign and recently was named director of the government-owned Public Broadcasting Corporation.

But mostly, "he lives and breathes the securities business 24 hours a day," says Ramón Domínguez, Dean Witter senior vice president, who considers himself a graduate of the PaineWebber school.

While other people read magazines and watch television, Ferrer reads five newspapers a day and finishes a book every two to three days.

"I don't watch television... I don't go to a movie unless I take the children," says Ferrer.

On a corner table in his Hato Rey office in the Chase Manhattan building are framed snapshots of his children, Alejandro, 11, and Augusto, 7, from his second marriage to Lizette Gratacós.

His first marriage, which ended in a headline-grabbing custody battle, produced a son, Miguel, 21, who plans to do graduate studies at Cornell University like his father and grandfather before him; and a daughter, Ilena, 26, a computer graphic artist.

On the office floor were newly framed art works for the new offices that PaineWebber will occupy in the AIG building across the street, the swankiest office space on the Golden Mile.

Ferrer's net worth is "guesstimated" by industry experts at \$15 million to \$20 million. He pulls in an estimated \$500,000 to \$1 million a year.

"I find I have an unusual knack for making money," Ferrer says. "I don't know if it's a gift, but it's a definite ability."

He originally wanted to use his abilities in banking, but a friend at Chase Manhattan dissuaded him, saying he lacked the "temperament" of a commercial banker.

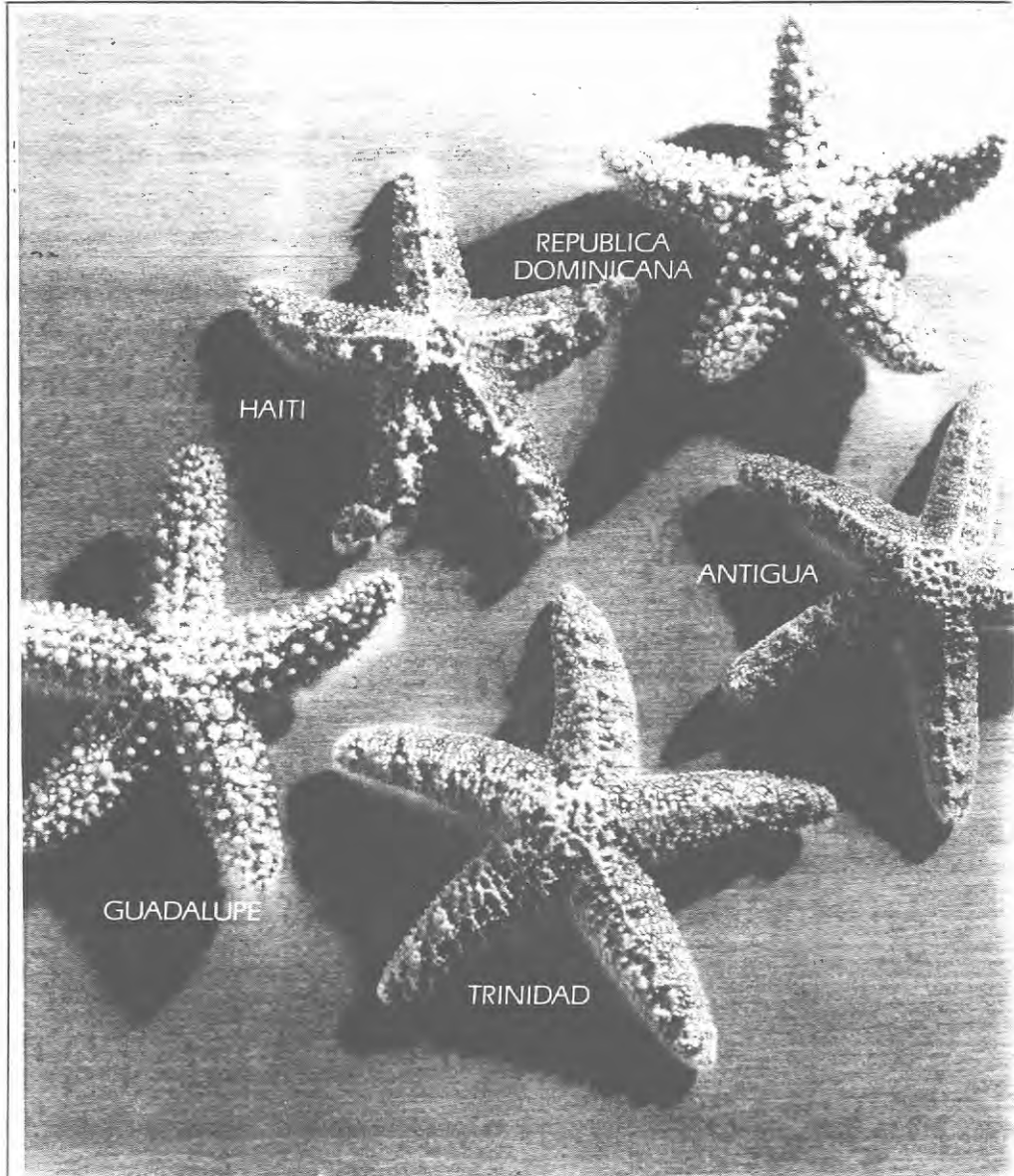
Anybody who works for Ferrer has to be as aggressive as he is. For that, brokers are amply rewarded. PaineWebber is known for luring competing top brokers to the firm with lucrative pay and bonus incentives.

"Mike will attract followers, because he will make them believe they're No. 1," says Dean Witter's Domínguez. "It's catchy... it motivates people and makes them sell."

That's why PaineWebber is Puerto Rico's No. 1 brokerage. And Miguel Ferrer is its biggest salesman.

"Mike is like a life insurance agent," says Domínguez. "Anybody who walks is a prospect."

Ferrer sums up his 30-year career best. "Our biggest contribution to the Puerto Rico investment climate has been... convincing the investor that there were other investments besides the savings account."



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