

By Bart Ward

WHEN THE FIRST EDITION of the *Wall Street Journal* was published on July 8, 1889, several companies took out front page ads. Today, only two of them remain: Rand McNally and Dominick & Dickerman (D&D), the latter of which was known for years as “the oldest continuing member of the New York Stock Exchange (NYSE).”

Founded on June 15, 1870 by William Gayer Dominick and Watson B. Dickerman, D&D initially resided at 17 Wall Street. The founders “became active immediately in the organization of the exchange.” Dominick had become a member of the NYSE the prior year, just as the exchange established its first permanent location at 10–12 Broad Street, and Dickerman served a two-year term as NYSE president beginning in 1890. The firm grew up during the “institutionalization of American investment banking,” alongside some of the first nationally-known financial firms including Kidder, Peabody & Co. and Lee, Higginson & Co.

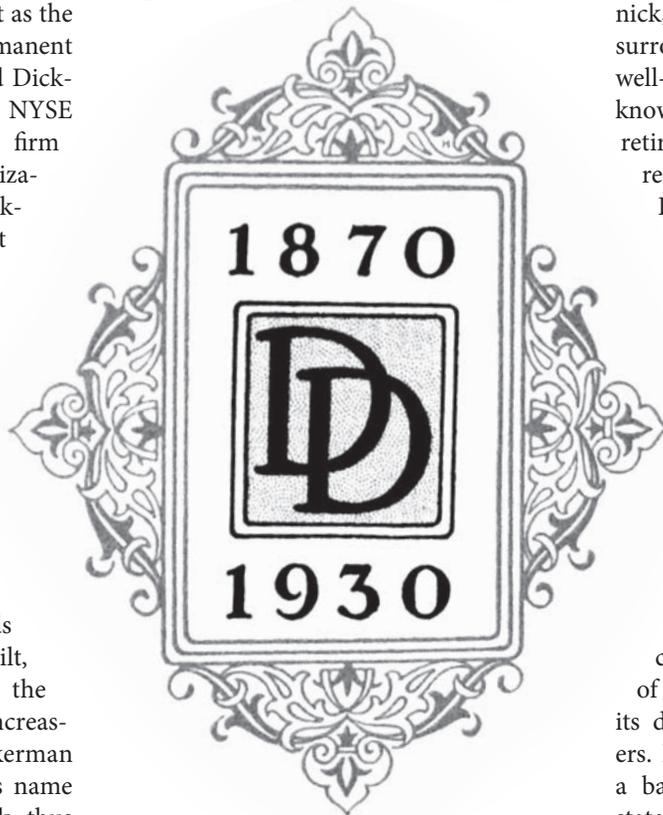
By 1873, D&D had moved twice and landed at 64 Broadway. That May, William Dominick’s brother, Bayard, joined the firm and became a member of the exchange as well. The American securities business was undergoing a great expansion at the time, as it serviced the newly-built railroads and industrial concerns. Vanderbilt, Morgan and Carnegie were on the move, and D&D was becoming increasingly well-known. In 1899, Dickerman retired from D&D, and the firm’s name changed to Dominick & Dominick, thus enabling it to keep its nickname.

By then, D&D was located at 100 Broadway; it was saving its capital, had 10 members and was beginning to underwrite and distribute securities. Over time, D&D would arrange or co-manage new securities underwritings for many of America’s largest companies including American Bank Note, Bon Ami, Crosley Radio, General Motors, International Telephone & Telegraph, Johnson & Johnson, Mack Trucks, Phillips Petroleum, Pratt & Lambert, Shell Union Oil, Timken Roller Bearing and United Alloy Steel.

The 1890s ushered in great change on “the Street,” as industrial and utility

companies joined railroads in dominating the securities markets. These companies had big appetites for capital to build plants and expand operations, and they brought out many new issues of stocks and bonds. D&D began to expand nationally and set up offices in several cities—including its oldest and largest branch in Cincinnati—and also established a bond department.

## Dominick & Dominick



### The History of an Enduring Wall Street Firm

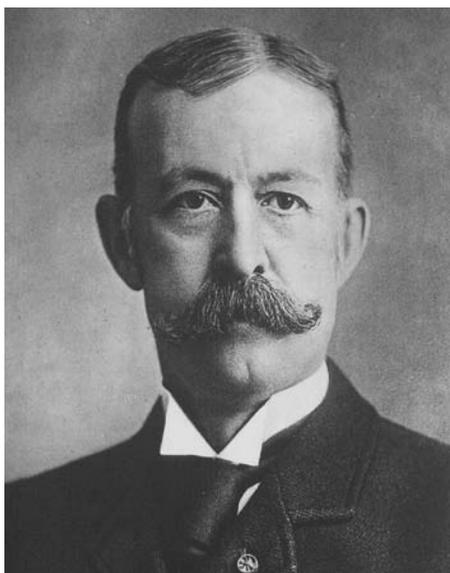
The early 1900s were marked by steel and rail consolidations, a bull market, the Panic of 1907, securities investigations and re-regulation. This would all end by 1913 with the newly-created Federal Reserve and the death of J.P. Morgan. Historian Robert Sobel called this era, “The end of the Golden Age,” as Victorian bankers

faded into the past. Investment banking historian Vincent Carosso wrote, “Never again would they [bankers] be so free to conduct their affairs as they had been at the turn of the century, when J.P. Morgan presided over the securities industry. His death in Rome...proved to be far more of a dividing line in the history of American high finance than was generally acknowledged at the time.” All the while, D&D quietly involved itself in NYSE governance, developing its stock business and helping companies like International Nickel and American Bank Note distribute large blocks of stock.

As D&D headed into the 1920s, Bayard Dominick passed away and Bayard Dominick, Jr. took control of the firm. He surrounded himself with men like the well-connected Andrew V. Stout and the knowledgeable Major Barnard. When he retired in the mid-1920s, Stout took the reins of the firm. Along the way, Bernon Prentice had become an important driver of new business for D&D, and he made valuable connections to the duPont family and William Durant, co-founder of General Motors.

While securities trading was central to D&D’s business, it was also a private banking firm. Historian Susie Pak describes this world in her book, *Gentlemen Bankers*, saying, “A private banking partnership was not simply a job. It was an identity that required constant vigilance, a process or mode of becoming, that was fragile because of its dependence on relationships to others. If private banking was a way of life, a banker’s social ties were as much a statement of his identity and reputation as his economic associations.” In short, the senior partners at D&D gained their influence through their standing in the financial community, which allowed them to operate their style of business.

The firm’s partnership would expand during the 1920s as American businesses grew and large loans were made to war-torn Europe. Challenged by rising upstart securities firms, conservative private banks like J.P. Morgan and Kuhn, Loeb found themselves in a new environment. By then D&D had 500 employees and occupied four floors at 115 Broadway. The firm tiptoed into the management trust business while Wall Street was going wild



Left: William Gayer Dominick  
Right: Bayard Dominick, Sr.



during the greatest bull market in history.

Sobel referred to the years leading up to the Crash of 1929 as the “Triumphant Years of the Giant Bull,” and NYSE historian James Buck called the period from 1923-40 “Boom, Bust and Reform.” For D&D, the years following the crash meant more “time was spent on Governmental laws in the making” and tightening of the belt. While many firms and reputations crashed along with the market, D&D’s conservative business practices allowed them to survive.

As a result of the numerous scandals associated with the Great Crash, Gayer

Dominick, a member of the firm and director of National City Bank (now Citigroup), urged the NYSE to appoint outside governors. A committee of five non-members — including Gayer — was created. The NYSE constitution was eventually altered to “elect four governors from outside,” and again Gayer was included. He would serve under NYSE Presidents Richard Whitney, Charles Gay and William Martin.

The mid-to-late 1930s redefined D&D, as it became an international house when it opened a branch in London. Then, in 1936, the Basel, Switzerland-based A. Iselin & Co. (founded in 1852) became part of D&D. According to Gayer, “This acquisition of the Iselin business marked a distinct phase in the development of D&D and broadened its field from brokerage and underwriting to include a large safekeeping business, larger than many of the trust companies and a holder of large free credit balances for foreign account.” The company also opened an office in Paris and operated Dominick Corporation in Canada.

With the creation of the SEC in 1934, new regulations on Wall Street and the

advent of WWII, D&D’s business — like that of most other financial firms — went into contraction. The company closed its offices in London and Paris when the war began, and some employees from its Swiss office moved to its New York headquarters. D&D moved its main office to 14 Wall Street during the early years of the war when the number of employees and partners was down to 156, due in part to many entering the military. The firm eventually closed all of its branch offices, although the Canadian operation remained.

A new era for post-WWII America was in the offing, as Western and Eastern



Wood cut showing lower Broadway in 1876, the year D&D moved to 64 Broadway.

# THE WALL STREET JOURNAL

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**Average Movement**  
The bull market of 1885 began 3 price of 12 active stocks 51.49. The rise culminated May 18, stocks selling at 93.37. Prices gradually declined for next extreme low point April 2, 75.58. The movement since then point to another, follows:  
Last low point  
Rallied to  
Declined to  
Rallied to  
Declined to  
Rallied to  
Declined to  
Rallied to  
Closed Sat. night

There is some reason to believe with the bear party Americans in that here. These orders 9.30 was quoted as weak. Prices, however, closing figures. London has there developed aish an illu down an eight. This temper prices generally. Randolph Savin made heim & Co went down the trans some su stocks, and of but fav

**Philadelphia Market To-day**  
Philadelphia special 2.30—The special feature of delphia market to-day was some heavy liquidation in leading by bull houses—some 7,000 shares being sold at 201. It was all well taken by New York and good houses here. Outside of this market is dull and traders are not inclined to do much until the situation is cleared.

**Washington special.** The Treasury accepted \$98,800 at 104 1/2.  
**Produce Exchange.** 2:15—Wheat firmer on the late cables and some reports of crop damage. 5 loads milling; no exports. Corn quiet; 94 loads export.

**Pittsburgh special.** Oil brokers here are thoroughly sick of dealing in future, as it has knocked business out entirely, and a movement was started on the Exchange to-day to get a conference of exchanges and have the amendment on that point rescinded. It seems likely to be carried.

**Philadelphia special.** Bank statement reserve decreased \$897,000.

**Clearings East West.**  
Boston special—The Post's table of clearings shows gross exchanges of 41 cities for the week ending July 6, 1889, \$114,993, against \$89,849,314 last year, an inc. of 27.26. New York the inc. is 14.25. New York inc. 37.25. Philadelphia 8.3, St. Louis, 23.6, San Francisco City 27.5, New Orleans 3.1, St. Paul 16.2, Detroit 8, Denver 70.5, Worth 90.2, Wichita 48.4, and Topeka 4.9. show an in New

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New York, July 8, 1889.  
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Courtesy of Dominick & Dominick

Dominick & Dominick advertisement commemorating the 100th anniversary of the Wall Street Journal in 1989.

# Introducing a 104 year old investment banking firm

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Dominick & Dominick advertisement, 1974.

Europe, Russia, Philippines, China and Japan were in tatters. The US would go from having 25% of the world's gross domestic product before the war to over 70% in the post-war years. Wall Street also became closer to Main Street as the retail stock business grew, and privately-held firms like D&D found their niche in the new financial order.

By the 1950s, D&D had developed a strong back office and served a distinguished clientele. Among other strengths, the firm had a prestigious line of partners through its many years in investment banking, corporate finance, securities execution, research, trading and asset management. They also had a huge bank vault because securities were still processed as paper documents. The firm expanded once again and was involved in a number of important deals, which included Alexander Smith Carpet, Great Plains Oil and Arvida Corporation.

Wall Street underwent a great transformation by mid-century, reacting to multiple rounds of investigation and regulation and changing from a paper-based business to one that embraced new technologies. D&D transformed itself as well, from a partnership to a corporation—still privately held—and also expanded its retail US operations, which allowed for revenue growth.

Business boomed in the early 1960s, with numerous new securities issues. In 1962, D&D opened an office in Chicago and then acquired the New England firm of Townsend, Dabney, Tyson in 1966. This added 15 offices in the US, including a significant operation in Boston. By 1970, D&D had more than 1,000 employees, and its banking clients included Flying Tiger, Louisiana Land, Western Airlines, LTV, The Oliver Corporation and MGM.

Peter Maximus Kennedy served as Chairman and CEO of D&D during Wall Street's "Paperwork Crunch" of the late

1960s and early 1970s, by which point the firm had opened 30 US branch offices. The "crunch" was a result of the brokerage industry's inability to process transactional-based paperwork. Many firms including McDonnell & Company; Dempsey-Tegeler; Hayden, Stone & Co.; F.I. DuPont; and Goodbody & Co. were in serious trouble. Kennedy retrenched and saved D&D, as he did again in 1973 when a major investor left the company. Kennedy eventually purchased controlling interest in D&D and sold four of the firm's five NYSE seats and one of its two American Stock Exchange seats. He told *The New York Times* that "a national retail structure is not right for a firm of our size. We either had to be bigger or smaller... We are not going out of business. We are just changing the nature of our business."

During the mid-1970s, Kennedy bought Drexel Heritage Furnishings and successfully sold it in the mid-1980s along with other holdings. Also in the 1980s, Kennedy founded Eighteen Seventy Corporation. The family-owned firm controlled Ferguson Copeland and Guy Chaddock, which produced high-quality furniture. Dominick Company AG, a private Zurich bank, is also part of Eighteen Seventy, along with other assets including GI Ranch Corporation in Oregon.

Edmund Kelly, the legendary White & Case partner who defended companies against hostile takeovers, joined D&D during the "hostile takeover era" of the 1980s. Clients included Warner Lambert, Pepsico, Quaker State Oil, Chicago Pneumatic Tool and Federal Paper Board. D&D also counted among its corporate finance clients the Asian companies of Cheung Kong, Hang Leung and Orient Overseas Container Group.

In the late 1980s and 1990s, D&D was headquartered at 90 Broad Street in Lower Manhattan. In 1991, the firm spun off a number of its branch offices to a few operational employees and called it Prentice-Dominick Securities. D&D was changing again as the bull market of the late 1990s turned into a giant speculative game in the Dotcom era. This ended in the recurring theme of crash, investigation and re-regulation.

In 2003, Mike Campbell, who headed the private client department at Donaldson, Lufkin & Jenrette and Credit Swiss, joined the firm and built a private client business. He continues to serve as non-executive chairman. Kennedy passed away in February 2009; his sons, Peter and Paul, took the » *continued on page 37*

## Dominick & Dominick

continued from page 35

helm of the family business. Today, D&D is headquartered in midtown Manhattan, after having moved from the Financial District in 2004. It also has branch offices in Atlanta, Basel and Miami.

In describing D&D's legacy and future, Paul said, "the firm has survived so long, and expects to continue to do so, by focusing on client interests rather than its own interests. Hence, it does not position against clients; its wealth management is open architecture, pulling the best products from 'the Street' rather than manufacturing products as tools of its own P&L at the expense of clients; and long-term relationships with investment banking clients rather than transactional banking. These characteristics will continue—I am sure."

Peter added, "As with any firm lasting nearly 145 years, adaptability has to be at the center of survival since the financial competitive landscape is forever evolving. Adapting to change caused D&D to last as long as it has. My father used to believe that another key is dependability. He highly valued this trait and viewed it as underappreciated." \$

*Bart Ward is CEO of the Investment Advisory firm of Ward & Company, Ltd. Since 1993 he has written the weekly Wall Street history and market-oriented column, "The Corner." He has his degree in history from UCLA.*

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