

The Search for a Hero on Wall Street

HEROIC figures have been a rarity amid the evils and embarrassments of the current economic crisis. Duff McDonald claims to have found one in the form of the chairman and chief executive of JPMorgan Chase.

In “Last Man Standing: The Ascent of Jamie Dimon and JPMorgan Chase” (Simon and Schuster, \$28), Mr. McDonald describes the defining events in Mr. Dimon’s life and career that led him to become such a powerful force during the financial crisis.

Mr. McDonald boasts some solid journalistic credentials. He is a contributing editor at New York magazine, and he has written for Vanity Fair, Time, Condé Nast Portfolio, GQ and Wired. He has also won two Canadian National Magazine Awards for business and investigative reporting.

While Mr. McDonald is not uncritical of Mr. Dimon, “Last Man Standing” (to be released Oct. 6) is largely positive. **Mr. Dimon was “quite literally the only chief of a major bank to have properly prepared for the hundred-year storm” that hit Wall Street, Mr. McDonald writes, and this put him in a position to help rescue the rest of the financial system.**

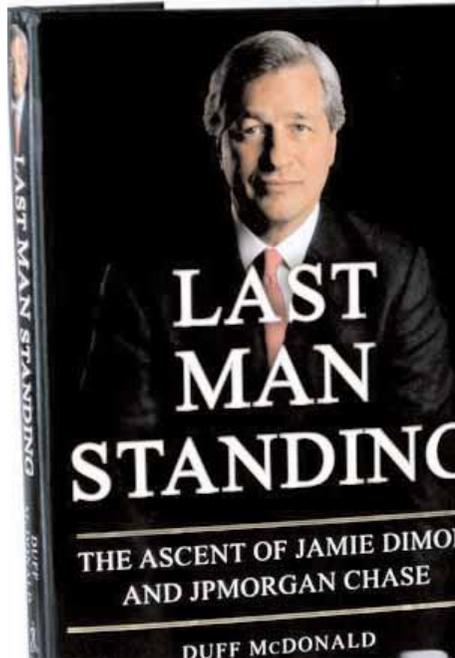
Mr. Dimon, 53, is in the third major act of a career that has been chronicled by virtually every major financial publication, and in books about his former mentor, Sanford I. Weill.

Act I, the story of Mr. Dimon’s symbiotic, strife-torn relationship with Mr. Weill, remains as compelling as ever in Mr. McDonald’s retelling.

Fresh out of Harvard Business School, Mr. Dimon turned down a lucrative offer from Goldman Sachs to become a personal aide to Mr. Weill, a friend of his parents. Mr. Weill, his elder by more than two decades, had the vision and experience. Mr. Dimon had the energy and the attention to detail; he also had a notoriously short temper.

Through a bold series of mergers and acquisitions, Mr. Weill and Mr. Dimon built a sleepy subprime credit company in Baltimore into a towering financial conglomerate that combined insurance (Travelers), investment banking (Salomon Brothers) and brokerage (Smith Barney).

“Weill had a peculiar style of mentoring,” Mr.



He began Act III in 2003 when he agreed to sell Bank One to JPMorgan Chase at a relatively meager 10 percent premium over its stock price with the provision that he would become the leader of the combined company after two years.

“He justified the deal with JPMorgan Chase as the best fit for Bank One,” Mr. McDonald writes, adding parenthetically, “Others would snipe that it was also the best fit for Jamie Dimon.”

After Mr. Dimon returned to New York, he confronted the most severe economic crisis since the Great Depression. But in contrast to many of his peers, Mr. Dimon had steadfastly focused on cost cutting and reducing



Mr. Dimon admits raising collateral requirements, he denies causing the demise of Lehman or Merrill.

“Last Man Standing” offers a useful recounting of Mr. Dimon’s role in a continuing financial epic, but it has its flaws. It is filled with parenthetical passages apparently intended to add balance but that sometimes end up contradicting other passages. Along with supplying numerous anecdotes about Mr. Dimon’s temperamental tirades, for example, Mr. McDonald notes that “he is not a bully. He hates bullies.”

In addition, despite having much

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McDonald notes. “He regularly rewarded Dimon, but at the same time, he often found subtle ways to impede the young man’s progress by forcing power sharing arrangements on Dimon at every turn.”

According to Mr. McDonald, Mr. Dimon responded by challenging Mr. Weill at every turn, and ultimately forcing Mr. Weill’s daughter out of a top executive position. As negotiations to complete the crowning merger of Travelers and Citigroup came to fruition, Mr. Weill informed Mr. Dimon he would not be on the new board.

But Mr. Dimon’s reputation on Wall Street — what Mr. McDonald calls the “Jamie premium” — was only magnified. After Mr. Dimon’s resignation, Citigroup stock fell 2 percent, while JPMorgan Chase stock jumped 10 percent on rumors that he would land there.

In fact, Mr.

bureaucracy. Although JPMorgan Chase traded in derivatives, he kept the bank’s exposure relatively limited.

IN the spring of 2008, at the behest of the Treasury secretary, Henry M. Paulson Jr., JPMorgan Chase bought the failing Bear Stearns for \$10 a share (up from an original offer of \$2 a share). In the fall of 2008, after passing on Mr. Paulson’s proposal to take over Morgan Stanley (which survived anyway), Mr. Dimon acquired Washington Mutual, which was then on the brink of insolvency.

Mr. McDonald notes that Mr. Dimon’s deals for Bear Stearns and Washington Mutual were widely regarded as helping to save the financial system from collapse. He also praises Mr. Dimon for declaring a moratorium on foreclosures on owner-occupied homes with JPMorgan Chase mortgages from the fall of 2008 through March.

Mr. Dimon sub-

sequently came under fire for allegedly putting Lehman Brothers out of business and driving Merrill Lynch into the arms of Bank of America by raising collateral on loans that the two institutions had with JPMorgan Chase. While

access to his subject, Mr. McDonald fails to press Mr. Dimon for specific details about his personal roles in controversial episodes like the Lehman debacle.

In the end, the question remains: is Jamie Dimon the selfless savior of American capitalism or is he just another self-aggrandizer who benefited by going against the prevailing industry trends?

Mr. McDonald calls Mr. Dimon a “hero,” but the rest of us may wish to withhold judgment until this financial Hercules completes his labors.

Jamie Dimon

James L. “Jamie” Dimon was born in New York City, where he would attend Browning School, to Theodore and Themis Dimon. His grandfather, a Greek immigrant from Smyrna, was a broker and passed on his knowledge of the business to his son and partner, Theodore. They worked together for 19 years, and Jamie held summer jobs at their New York office. Later, he majored in psychology and economics at Tufts University, before earning an M.B.A. degree from Harvard Business School. Upon his graduation in 1982, Sandy Weill convinced him to turn down offers from Goldman Sachs and Morgan Stanley to join him as an assistant at American Express.

Dimon is married to Judith Kent; they have three children: Julia, Laura, and Kara Leigh. Outside of his duties to JPMorgan Chase in New York, Jamie also owns a home in the Chicago area.



Dimon wound up in Chicago, where he devoted the second major act of his career to resuscitating Bank One.