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First Jersey Securities' Brennan Resigns Two Top Positions at Fast-Growing Firm

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NEW YORK -- Robert E. Brennan, the colorful and embattled chairman and chief executive officer of **First Jersey Securities Inc.**, resigned from the fast-growing securities firm he founded 12 years ago.

He is succeeded by Fredric **Rittereiser**, a well-known trader and former executive of several Wall Street firms, who came to First Jersey as vice chairman in November and whose brother is president of rival E.F. Hutton Group Inc.

Mr. Brennan, 42 years old, made First Jersey one of the best-known and fastest-growing securities firms by touting securities of small, quickly expanding, high-risk companies. He will remain on the First Jersey board.

First Jersey is the target of two major investigations, one involving government allegations of stock manipulation, and the other involving government allegations of illegal campaign contributions and perjury. Mr. Brennan acknowledged yesterday that the investigations were a factor in his decision to resign.

Relations with government investigators have become dominated by "personal animus," Mr. Brennan said. "There are strong feelings on both sides. There's bitterness. Each of us has at times crossed the line of propriety in our rhetoric." He said the new management "won't carry that baggage" and can "resolve these issues and move forward."

Mr. Brennan has repeatedly denied any wrongdoing and yesterday said, "I am absolutely certain I will be

vindicated." A spokesman for the Securities and Exchange Commission declined to comment on the status of the agency's investigation and on Mr. Brennan's remarks. Thomas Moseley, the assistant U.S. attorney in New York in charge of the criminal investigation, also declined to comment.

Mr. Brennan said that in addition to remaining a director of First Jersey, he will devote more time to International Thoroughbred Breeders, a company he helped take public. He is co-chairman and the majority shareholder of International Thoroughbred, which owns two racetracks and has more than \$300 million in assets but has recently incurred losses. He said he also wants to devote more time to a foundation he established and plans to remain active in politics, either on behalf of other candidates or as a candidate himself. But he said he hasn't any plans to run for any particular office.

Mr. Brennan's resignation brings to a close at least one chapter in the career of one of Wall Street's best-known and most controversial characters. Mr. Brennan appeared personally in television commercials featuring his helicopter, winning such a degree of public recognition that he is considered a viable political candidate if he succeeds in putting his troubles with the SEC behind him. First Jersey has grown to encompass more than 1,200 brokers in 32 offices across the country.

First Jersey's problems with the SEC began in 1979, when the government alleged that First Jersey made illegal gains by trading with its customers in the securities of seven small companies. Those charges were settled in 1984, with First Jersey neither admitting nor denying guilt, but similar charges with respect to three other companies were filed last year in a case that is pending.

Earlier this year, three First Jersey employees were indicted and charged with perjury in connection with the SEC's investigation. Another employee was indicted for perjury in connection with a government investigation into unlawful campaign contributions; that employee was convicted and is awaiting sentencing. The three others pleaded innocent and are awaiting trial.

Mr. Brennan hasn't been named in any indictments.

After settling the SEC's original charges, Mr. Brennan asked a consultant to assess the company's organization and controls. As a result, last year he hired Mr. **Rittereiser** as vice chairman and also hired W. Hunt Dumont, then U.S. attorney in New Jersey, as general counsel. Mr. Dumont will become executive vice president of the company Sept. 1 when Mr. **Rittereiser** becomes chairman and chief executive. John E. Dell, First Jersey's president, will also assume the title of chief operating officer.

Mr. **Rittereiser** said he will work to improve First Jersey's ties with other Wall Street firms, noting that it has already agreed to act as co-underwriter in four pending deals. "That's something we would never do

before," he said. "We're looking to fraternize with Wall Street."

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