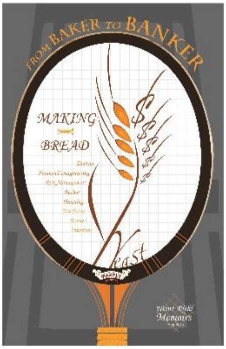

FROM BAKER TO BANKER
MAKING
BREAD
Trading
Financial Imagineering
Risk Management
Author
Teaching
Testifying
Trustee
Intuition
Yeast
MAXPLY
DUNLOP
Heinz Riehl
Memoirs
as of 2018



The front cover design of this Memoir shows as its base the head of a wooden Dunlop MAXPLY tennis racquet, which was very popular from the 1940s to the 1970s. This is the type of racquet I played with; and my success in tennis helped me to get out of the bakery and into the business of banking. Hence the title “From Baker to Banker”.

In addition to baking bread the term ‘making bread’ also means ‘making money’.

One of the eight different ways I made money was financial ‘imagineering’, a combination of the words imagination and engineering. Both skills are required for the development of new financial instruments and products.

The word “yeast” at the bottom of the tennis racquet represents both the growth of the grain on the left side and the amount of money / dollars on the right side.

The front and back cover of this book was designed by www.alicia-solsman.com

Memoires of Heinz Riehl

As of 2018

www.RiehlWorld.com

Instructions for using this e-book

To move from a line in the table of contents to the respective page number in the book, please left-click on the respective page number in the table of contents.

Do the same to move inside the book from one reference number to another one.

Dedication

I dedicate this book to my mother from whom I learned the values that have allowed me to live my life to the fullest. My sentiments for her are expressed in a letter I wrote to her on May 13, Mother's Day, 2001. The original letter in German can be found in the appendix.[1]

My Dear Mother,

Most hearty wishes on your 65th Mother's Day. You are a wonderful mother, and I am so happy that you exist. As you know, I always say that without you, I would not exist.

Not only did you give birth to me but, additionally, you brought me up in a very special way. Often I try to find out how I made it out of that small German town Mülheim-Styrum and accomplished so many things in this big world. The answer is always the same: It was mostly your guidance, encouragement, and education. You always told me, "What others can do, you can do too." You never spoiled me, but at the same time you always gave me a lot of love.

Even though your store / business required your full attention, you always had plenty of time for me when I needed you. You instilled in me a drive for excellence and the desire to make something special out of myself. You assured that I was not just average and okay, but instead you encouraged me to be special, simply first class. For all of this I am grateful.

There were so many things that seemed small and insignificant; however, they were extremely important. You advised me to wear the old suit that almost did not fit any more on my first day as an apprentice at Hugo Stinnes Bank. This was 100% correct and got me started with my first boss on the right foot.

I learned so much from your stories about the gentlemen from Babcock using Grandpa's bowling alley. You conveyed your entire life-wisdom to me, which helped me so much.

That is the reason why I dedicated my latest book to you with the words, To my mother who taught me so many things.

You know how much I love you and what I feel for you. However, I decided on a day like today to put my feelings on paper, so that you can read it slowly and often.

Have a wonderful day!

Jill and I and all children and grandchildren love you and wish you a wonderful Mother’s Day.

With love,
Your son Heinz

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Acknowledgements

In October of 2015 my inner voice suggested that I write this book about my life. I started typing, and two weeks later I had created over 350 pages of raw language totally from my memory. I had no notes or other types of recordings.

Since that time I have had additional thoughts and reflections on my life and decided to include them in this slightly revised version of my memoir.

I would like to thank my good and longtime friend Barbara Robinson for her assistance in structuring my material and her linguistic polishing of the text. Barbara is just fantastic. She helped me with two previous books, and here again her input and help were invaluable.

I also would like to thank my wife, Jill, for her loving guidance and thoughtful suggestions regarding many things in this book. Her input based on our relationship and love for 34 years was precious.

Most importantly, I'm very grateful to God for all the blessings received in my life.

Heinz Riehl
2018

Editor's Note

The words in this Memoir are those of Heinz Riehl. My participation was to massage and polish the language so that it became easier for you, the reader, to enjoy.

I have encouraged Heinz to tell his story just as he lived it, with all the feelings of pride he has felt for his personal accomplishments.

I have known Heinz for many years and have been privileged to work on several projects with him. If you read my birthday letter in the appendix, you will know that I have come to admire him greatly as a teacher, colleague, and friend.

For those of you who know him well, you will find few surprises among these pages. For those who don't, the scope of his life experience, his impact on the world of banking, and his devotion to family and friends will take your breath away as it does mine.

Enjoy the journey!

Barbara Robinson

Foreword

A WONDERFUL LIFE
(Letter from my Wife)

My Darling Heinz,

On the occasion of your 80^{th} birthday it seems appropriate to think about your impact on this world. IT HAS BEEN ENORMOUS! You have touched so many lives with your positive attitude, caring ways and generous soul.

Your students and colleagues in every country and all through the Citibank universe have taken away so much knowledge and inspiration from their encounters with you, we can only imagine how you have changed them, and how they have changed the world.

You have certainly had an impact on our family; from your parents to our children, to my extended family and to all those who they come in contact with. I can't imagine how those who copy "the Uncle Heinz" or "the Pappi" will affect the world. "Someone said 'no' to my boy" teaches so many lessons that will have an impact for centuries to come.

You are a wonderful person. You are kind and considerate. Your positive attitude makes the world a better place.

So much of the world of finance has been directly and indirectly changed by you. The products you have created and the controls you have put in place certainly have had a major impact on the world. You may not get credit for it all but nevertheless your contributions are major.

Your influence on my life has been huge. I am thankful every day that I have the privilege of being with you. I know we have a lot to give to each other but I feel I get so much more than I give.

Thank you for making my life so rich and full and for making the world a better place.

You're the best….. I love you with all my heart.

Happy 80^{th} birthday.
YBFAL
Jill

Preface

In 1991, we renovated our newly purchased house at 18 Linda Lane in Darien, Connecticut. I wanted a special room to display my tennis trophies and evidence of my other accomplishments. The question was whether it was "appropriate" to show off past successes in such an obvious way.

We had hired a decorator to advise us on what to do about the interior of the house. When this lady heard about our doubts regarding the creation of a "trophy room", she immediately recommended that we should have this kind of a room. "Don't die with the music still in you", she said.

I have not forgotten her statement. On May 11, 2016, I was 80 years old. Psalm 90: 10 says: *The years of our life are seventy, or even by reason of strength eighty.* Based on that biblical fact I think it is time to write down what I remember about the highlights of my life.

The entire book is written from my memories. I never kept notes of anything. Most photos unfortunately had no dates on the back, so I had to estimate when they were taken.

My reason for writing these memoirs is to allow my family, particularly children and grandchildren, and also some friends to know and understand what my life was like. I want them to see how one can benefit from life's opportunities through hard work. I also want them to recognize the penalties of not focusing more evenly on family on one side and what the world calls 'work' on the other side.

I realize now that it is important to begin early and continually reassess the answers to the following three questions

- What do you need from life?
- What does your company need from you?
- How do you combine (balance) the above two needs?

In addition, I also want to be honest and say that it gives me pleasure to stop and look back on what I have done in my life.

Like everyone, I had my highs and my lows, did good things and did bad things, made good decisions and decisions that were not so good.

However, on balance, I think that I have lived a successful life and I am proud of what I have done. The title of the 1946 popular holiday movie *"It's a Wonderful Life"* says it all. I can say that I have touched many peoples' lives and that most of them have benefitted from the fact that I lived on this earth, and that I made a positive difference in my world.

When I look back at my life and take inventory of what I have done I feel somewhat similar to the "Old Washwoman" in the poem on page 526. The last verse beginning on the bottom of page 527 says:

And when my last hour arrives,
I wish that I just as this woman
will have fulfilled what I was supposed to have fulfilled
within my area of responsibility.
I wish that I knew equally well
how to enjoy the cup of life
and could have equal joy with my last shirt.

When I look at the various interests I pursued in my life and what an ambitious person might have achieved in those areas, I find almost all the time that I can say: I have been there, done it, and achieved above average results.

Some people say that I have been lucky. That is true but in a different sense than what those people mean. I believe that having luck means having an opportunity. However, it takes skill, and often hard work, to take advantage of an opportunity and turn it into success.

Imagine an important soccer game still even in the last minute of play. The referee awards a highly debatable penalty kick (11 meter) to one of the two teams. That team no doubt is very lucky. However, the score is still even ("unentschieden"), and the lucky team must convert the call into actual success. It will take determination and skill to kick the ball into the goal and win the game.

This is an important point, which can also be made with a basketball example. Assume it is game seven in the American national championship and a team is one point behind. When there is only one more second on the game clock, this team is awarded two highly controversial free throws. No doubt, this team is lucky. But they are still one point down. It now takes skill to convert both free throws to win the game.

Yes, I was lucky and had many opportunities, but I was also very good at taking advantage of those opportunities and "kicking the ball into the goal" – i.e. converting the fortunate opportunities into successes.

"Not dying with the music still in me", means that I will frankly and unabashedly talk about the great things I have accomplished. I will also not hide the moments when I could have done better.

The influences and opportunities that have shaped my life fall into several categories which I will share in the course of this memoir:

- parents
- childhood
- family
- banking career
- sports (soccer, tennis, golf)
- schools
- teaching and academic career
- expert witness activities
- independent directorships of investment / hedge funds
- memberships and leadership roles
- philanthropic activities

In whatever endeavor I pursued, I tried to be some kind of a leader. These leadership roles came naturally to me and were probably the result of my mother always telling me: "What others can do, you can do too." ("Was andere können, kannst du auch.")

She encouraged me to *believe in myself* and to have enormous *self-confidence*. As a result, I always was so convinced that I would succeed that I had to be careful not to be arrogant. This naturally ingrained *positive can-do attitude* and *belief in myself* are extremely important and, in my opinion, a key ingredient of success for anybody.

Perseverance and stick-to-itiveness only work when one is pursuing something that is "right". I was more often right than wrong because I relied heavily on my *intuition* and my subconscious mind. My academic education was limited, but my intuitive feelings were seldom wrong. A psychological test in Citibank revealed that I am a "DFT", which means I first **D**ecide, then **F**eel and then **T**hink. Most leaders are DFTs.

Another hallmark of my various activities was a continuous attempt to improve my environment and put my own stamp on it. My goals superseded just "doing something". Instead I wanted to make a difference; to make lasting changes and improvements that later could be traced back to my actions. If possible, I always wanted to leave a footprint of what I had done.

Additionally, I always enjoyed what I did. I experienced a truism found in my mother's poem:

> I was sleeping and dreaming
> that life was fun.
> I woke up and saw
> that life is work.
> I did the work,
> *and the work was fun*.

The lesson in the poem is to find a profession that you really enjoy (almost a hobby) and get really good at it. You will never "work" in your life, because you will be having fun while earning a decent living. (See page 460 "Setting / Achieving Personal Goals".)

My ambition to affect changes and improvements led to discoveries and innovations of different magnitudes in different areas, but particularly in the field of finance.

From the beginning of my career, my professional forte and specialty was trading Foreign Currency Exchange. In my early twenties (late 1950s), I was already a global leader and innovator in this field of Foreign Exchange (FX), which at that time and ongoing to this day is not well understood by most people in the world of finance.

This unique expertise in FX provided me with a thick and almost impenetrable armor that protected me from any negativism people might have had against me. It served me well because I was a very young German interfacing with French, English and American people whose countries had been in a bitter war with Germany.

That Second World War ended in 1945, at which point few people in the world loved Germans. In 1958, I spent two months in Paris for training with Credit Lyonnais, and in 1959 and 1960 for two months each in New York and London with Citibank. My visits in those countries were only a short time after the war. I must have been in contact with many people who lost loved ones in that war and, therefore, understandably might not have wanted to become friendly with Germans.

I never experienced any such animosities. They either did not occur or I simply did not notice because I was busy pursuing my professional love, Foreign Exchange trading.

Self-confidence / positive attitude, intuition, thirst for change, hard work and ignoring any kind of obstacles all explain how it was possible for me to rise from the bakery in a blue collar suburb of a small town in Germany to Senior Manager at the Policy Committee level of Citibank in New York, which was at the time of my retirement in 1996 the biggest and most profitable bank in the world. Hard work paid off in big dividends, but the underlying current in my success is that I always believed in myself. “Anything is possible if you believe.” (Mark 9, 23)

When I turned 70 years old in 2006, Jill secretly without my knowledge asked friends around the world to write a note and share some of their memories, thoughts and feelings about me. The response to her emails was unbelievably positive. She received 120 contributions from 18 different countries on all five continents. Of course all of those letters are precious. However, those that fit into my story are referenced in the appendix at the end of this book. I am very moved by the sentiments expressed in the letters and I encourage you to read them.

Heinz Riehl

Part One
My Background and Early Life

My Parents

Family Background of My Mother, Rosemarie Koeller

My mother was born June 19, 1908, in Oberhausen, Germany, some thirty miles north of Düsseldorf. She had a slightly older brother, Stefan Heinrich, my Uncle Heini, and a slightly younger sister Gertrud, my Aunt Trude.

Oberhausen is located in the heart of what is known in Germany as the Ruhrgebiet, surrounded by other towns like Essen, Duisburg and Mülheim-Ruhr. The Ruhr River flows through this area and into the Rhine River near Duisburg.

This area was known as the "Kohlenpott", or coal-pot because of its many coal mines. It also was home to many steel mills. The iron ore came by train or ship on the Ruhr River, and the coal fired the steel mills to produce high quality steel.

Many of the men in the area worked in the coal-mines or the steel mills. The many job opportunities in this industry also attracted workers from other parts of Germany, as well as neighboring Poland and other nearby countries. The result of this influx of workers at the end of the 18^{th} century was that the area had a good mix of people of different nationalities, compared to other parts of the world where there was less mobility. People usually married their friend from across the street, which in other more homogeneous places may have created problems. However, in this part of Germany the mix of people coming from far away created physically and mentally healthy and strong men and women. Most of them worked in coal mines, steel mills and other factories and, as such, represented a large and strong blue collar community.

My grandparents from my mother's side were Heinrich Koeller, my Opa, and Rosalie Maria Koeller, my Oma.

I do not know much about my Grandmother Oma Koeller's background. Like most people in the area at that time she had an elementary school education and came from a town named Krefeld, about ten miles east of Oberhausen. I believe that her family had some involvement in the textile business.

I understand that Oma Koeller was a fine, quiet, and sensitive woman with a strong catholic background. She had several brothers and sisters, but I only heard about one of her sisters, Aunt Mariechen Hütter who, as we will see, had a strong influence on my Oma Koeller.

My grandfather, Opa Koeller, was a much more colorful person. He grew up as one of nine children in the nearby town of Essen and also had an elementary school education. He joined the Krupp steel company in Essen when he was still a little boy. Krupp became famous when they produced the largest artillery guns for the First World War. One of those big guns was a super heavy howitzer called dicke Berta (Big Bertha), which became the namesake for one of Callaway's best golf clubs (drivers), a fact with which few Americans are familiar. Krupp is a large multinational company to this day. Even though Opa Koeller was just a simple worker, he was very proud of Krupp and very likely was a good hard worker.

Over the next few pages I will describe how my mother experienced the environment in which she grew up. I know this largely from my mother's frequent story telling; she told these stories over and over again. They influenced her as she experienced them and grew up with them, and those stories also shaped me as I heard them repeated frequently during my formative years. I experienced some of those stories myself during the last six years of Opa's life. I was 16 years old when he died in 1952.

Even though Opa Koeller had only a limited education, he was a natural entrepreneur with great instincts and a sixth sense for opportunities to make money. When his parents died he inherited a small sum of money which he used, along with a big mortgage, to buy a building on Grenzstraße in Oberhausen. The building had a pub and a bowling alley on the ground floor and some three apartments on the upper floors.

Opa Koeller was obsessed with making money and paying off the mortgage on his building. He did this in many different ways:

- He added several small apartments. He estimated the cost of building an additional apartment and the anticipated rental income and calculated the likely percentage of return.

- He started a herring marinating facility in his back yard. The fish arrived in large unrefrigerated railroad wagons from the nearby Netherlands. The summer sun hit the railroad cars threatening to spoil the fish. Opa Koeller would phone the fish company offering to buy the fish at a substantial discount. In most cases, he got the herring at his price.

When he got the fish, he would hire some young women to clean the herring, i.e. cut off the head and tail and clean the inside of the fish. My teenage mother would lead the group and assure that they finished in time so that there was no overtime payable to the other workers. She was very proud of that.

The herring was put into cans and sold to other pubs within some ten miles around. This distribution was also done by my mother, initially using horse and carriage and later by automobile. My mother was the first woman in the town of Oberhausen to get a driver's license and actually drive a car.

- Opa Koeller sometimes bought and sold horses, and once even a 'corpse car' was the object of his trade.
- As more people owned automobiles, Opa Koeller added a gas station, and 'managed' the residual gas in the hose.

Life in Opa Koeller's Pub

In spite of all these commercial endeavors, Opa Koeller's main business was the pub and bowling alley. He served only premier brand beers and made sure that the beer had the correct temperature and was properly served.

He had an electronic shooting range in the pub where his guests could compete. Of course, he charged for each shot. His billiard table (three ball European pool) was of the highest quality.

The bowling alley was the center of entertainment and a driver for sales of food and beverages. It was a European bowling alley: at the beginning it was only about a foot wide and then widened out to a diamond shaped target with nine pins. There was only one pin right and left, two in the second and fourth row and three in the middle. The most difficult shot was to take out either the extreme right or extreme left pin without hitting any of the other eight pins. It was the first bowling alley in town that met federal standards; it was perfect and high class.

Oma Koeller and Opa Koeller, 1949

The Gentlemen from Babcock

Once each week, “die Herren von Babcock” came to bowl. This was a major social event. The group was led by Herr Eschenhauer, who was a Prokurist, which in German is similar to a vice president of an American corporation. It was a group of about twelve men, all more junior than Herr Eschenhauer. Occasionally the gentlemen brought along their wives.

My teenage mother served them as the waitress. Her father Opa Koeller taught her many things. For example, one minute after a glass was empty she had to ask the guest whether he wanted one more. When a beverage was served, the glass had to be held and carried in the middle of the glass or by the bottom of the glass. The important point was to avoid touching the upper inch of the glass, which is the area where the guest puts his mouth to drink. (This makes even more sense today than it did at that time almost 100 years ago, yet even better restaurants don’t always follow that guideline.) Also, a fresh glass of beer must have about half an inch of white foam (a head) at the top to increase the appeal to the eye of the guest.

As a result of serving as a waitress, my mother was privy to many conversations at the bowling alley. She told me many stories about those events with the wives present. The main point always was how those wives, through their behavior, could advance or destroy the careers of their husbands. Their behavior differed in terms of content of conversation, the way in which they spoke and, particularly, their table manners. That was one way for my mother to encourage me to behave properly.

The local soccer club used Opa Koeller's pub as their clubhouse. Before matches they changed into their soccer outfits in the restrooms of the pub. After matches they washed up and changed back into their civil clothing.

There was a piano at the bowling alley, which my mother mastered at a young age. When the players returned from the soccer field, she had to play the hits of the day. Opa Koeller thought the music would put them into a good mood and they might have a few beers. This usually worked, even if they had lost the game.

Opa Koeller did not speak proper German. He had particular problems with the use of *mir* and *mich* (me). Or, one might say, *he* did not have any problem with it, because he always said *mich*, which of course was sometimes correct and sometimes not. Once one of the younger, well-educated gentlemen from Babcock, who did not have much money yet, made fun of Opa Koeller because of his problems with *mir* and *mich*. Opa responded by saying: "Why don't you and I go to the bank, and then you say: 'Geben Sie *mir* 1,000 mark' (correct German meaning 'give me 1,000 marks'). I will say, 'Geben Sie *mich* 1,000 mark' (incorrect German meaning 'give me 1,000 Marks'), and then let us see who gets the money!!" In those days 1,000 marks was a lot of money, and it was clear that the young man would not get such a large amount of money from the bank. The story shows Opa's sense of logic and humor.

Opa Koeller always thought about money and how to earn it. His wife, my Oma Koeller, was very religious. She once responded to him quoting the bible where it says: "Look at the birds in the sky. They don't sow and they don't harvest, but the father in heaven feeds them anyway." Opa Koeller responded, "But they must fly an awful lot to get the food!"

My mother's mother, Oma Koeller, ensured that my mother went to church regularly even as a very young girl, maybe at age six or so. The church is the Herz Jesu Kirche in Oberhausen, which still exists. To this day whenever I am in the area, I go inside and pray, thinking of my mother.

As a result of her upbringing, my mother was very serious about her religion. Not only did she go to church regularly, but she also prayed every day for people in need and for other life situations to improve. Opa Koeller was pleased to see my mother grow up as a good Christian person. He said, "Ein Weib muss Religion haben" which means, "A woman must have religion."

My mother wanted very much to go to a higher school such as the Gymnasium, which is a nine-year high school. However, Opa Koeller told her that women do not need higher education, and that was the end of it. My mother suffered a lot because of this decision.

My mother did not talk much about the early activities of her sister, my Aunt Trude. However, I heard many stories about her brother, my uncle Heini. Opa Koeller wanted him to go to the Gymnasium, but Uncle Heini did not want to. Opa Koeller spoiled Uncle Heini in every way, giving him whatever he wanted. When Uncle Heini became a young adult, he simply took the money from his father's pub and spent it on cars and girls.

When my mother became a young woman, Opa Koeller wanted her to get married to a man with money so that she could live a good life. However, my mother did not like any of those men and stayed away from them.

Family Background of My Father, Wilhelm Riehl

My father was born May 15, 1902, in Mülheim-Ruhr. His father's name was Heinrich Riehl, hence my name, Heinz, a modern version of Heinrich or Henry. I do not remember the first name of my father's mother. There were a total of seven children of which my father was the youngest.

I know very little about the backgrounds of my grandparents from my father's side because my father seldom talked about them. I just know that my Opa Heinrich Riehl founded a bakery in 1879 in Mülheim-Ruhr-Styrum at 37 Landgrafenstraße. Styrum was a small Mülheim suburb, with an even larger blue-collar population than in Oberhausen. Styrum and Oberhausen were only about five miles apart. One hardly noticed when one passed the city limit going from one place to the other.

My father's parents

My father began working in his father's bakery as a baker apprentice around 1916 when he was 14 years old. Following the apprenticeship, he became a certified baker and, a few years later, he successfully passed the test to become a master baker.

I remember from my father's stories that he had a rather tough life. My father told me that he baked bread every morning. When a customer entered the store, a bell would ring in the living room. That was the signal for my Grandmother, Oma Riehl, to go into the store and attend to the customer. It seems clear that not much bread was sold in the store and, therefore, my father used horse and carriage to sell bread to stores in the nearby area within about a ten mile radius.

Father in the bakery at approximately age 20 in 1922

When his father, my Opa Riehl, died around 1931, my father had little choice but to take over the bakery. His brothers had other jobs and were not interested in the business; my father's sisters had gotten married with the exception of Anna, who would play a role in my life a few years later.

The family lived on produce grown in the rather large garden behind the house. They also had about a dozen chickens, some geese, ducks and several pigs. I got the impression from my father that life was rather basic.

There are two more things to mention. One is that Opa Riehl was a member of the "Presbyterium" (the elders) of the Lutheran Protestant church in Styrum, today called the Immanuel church. He was able to see the church steeple from the back porch of his house. Each Sunday morning he would stand on the porch fully dressed and ready to go to church, but he would not start walking until the bells began to ring at 9:15 for the 9:30 service.

My father also had to go to church beginning at age 12 to prepare for his Confirmation at age 14. I remember my father telling us that he had to pay attention to the pastor's sermon because later at lunch Opa Riehl would quiz him about it. As a result, my father was very familiar with the bible and knew many Psalms and songs from memory.

My father, approximate age 18

The other point is that in the little spare time he had my father was a tennis player. In fact, he was a co-founder of the Rot-Weiß Stadion Tennis Club where I later began my tennis activities. In addition to Sundays, my father had his 'free day' on Thursday afternoons.

My father's hobby was photography. It would have been his dream in life to have a photo store. He was a good photographer and had his own dark room where he could develop his photos in a few minutes. This was remarkable because other people would have to take their photos to a photo shop where it would take about a week for the photos to be developed and returned – yes, *one week* wait for photos to be returned.

The other thing my father never tired of telling us was that at holiday dinners the best parts of chicken, geese, or meat were always given to the

“Herren future sons-in-law”. These were the guys who hopefully one day would marry my father’s sisters. This explains in part why my father became a big eater once he was married to my mother and they had their own family.

My father, approximate age 28

1932: My Parents Meet, Court and Marry

The railroad station in Styrum is located only about one mile away from the Riehl Bakery where my father lived. Near that railroad station there also was a stop for the electric streetcar.

One Thursday (his free day) in the summer of 1932, my father wanted to go by streetcar to nearby Oberhausen. As he walked up to the station he noticed two attractive young ladies also waiting for the streetcar. Those two ladies were my mother Rosemarie and her sister Trude. They had been in the Stadion Styrum, where there were three tennis courts and a very large swimming pool.

Once they arrived in Oberhausen, my father invited the two ladies for some ice cream. He immediately liked my mother who was 24 years old at that time and, according to him, “wore a skirt not bigger than a handkerchief“.

At that time, my father Wilhelm and my mother Rosemarie agreed to see each other again three days later on Sunday morning. They met at the park of Solbad Raffelberg in Styrum. During that meeting Wilhelm took several photos of my mother, who loved to be photographed.

Rosemarie asked Wilhelm when she might be able to see those photos. She was surprised when Wilhelm told her that he had his own darkroom and could show her the photos in the afternoon of that same day. They agreed to meet again that afternoon and go to the movies.

My mother on her first date with my father in 1932

After that things evolved rapidly. They met again the following Thursday and three days after that, on Sunday, they met again and agreed to get married.

Two-Year Courtship

I have to assume that Rosemarie and Wilhelm met mostly on Sundays and on Thursday afternoons, when my father had his time off. They may have seen an occasional movie, but most of the time they met in Opa Koeller's pub. After all, this was easy for my mother to do and there were beverages and some simple food.

My parents playing tennis 1934

There were not many opportunities for them to be alone. My mother always liked flowers and plants. One of her favorites was a plant called in German a 'Gummibaum' which translated means 'gum tree.' It grows to about five feet and has nice green leaves.

One day when my father was visiting in the pub, my mother asked whether he wanted to see the new leaf that the gum tree was growing. The plant was upstairs in one of the private rooms. My father expressed interest in looking at the new leaf because he sensed an opportunity to be alone with my mother for a few minutes. The problem was that my mother's little poodle, Purzel, followed them. When my father embraced my mother, that dog started barking. My mother feared that the barking would alert her father in the pub below, and that was the end of that particular romantic moment.

My mother with her dog Purzel

Many years later on some Sunday morning my mother told my father that her gum tree was getting a new leaf. My father said, “No thank you. I am not interested in that new leaf.” They explained the whole situation to me and we all had a good laugh.

Opa Koeller liked my father as a person, but the materialistic side of him did not like the fact that my father was a baker and did not have much money. He kept pointing out to my mother several well-to-do eligible gentlemen who would have loved to date and possibly marry my mother. These men were regular guests in the pub. My mother told Opa Koeller that she loved my father. She also doubted Opa’s judgment that all these men of means were really interested in her. But Opa said: “Ich kenn doch die Blicke” which means, “I know how they are looking at you.”

1934: The Marriage of Rosemarie and Wilhelm

Time passed and Wilhelm and Rosemarie wanted to get married. The problem was that Wilhelm was Protestant and Rosemarie was Catholic, which raised the question “How do we get married, Protestant or Catholic?” This was a complicated question for several following reasons.

As I have mentioned, my mother was very committed to her faith. The entire family-clan, particularly the Hütter family, was catholic. Oma Koeller’s closest friend was her sister Mariechen, who had no time for anything protestant at all. In other words, the entire extended family insisted that my mother must marry catholic if she married that poor baker at all. In addition, when a catholic marries a protestant and converts to become a protestant, such a person is ex-communicated and, according to catholic belief, “goes to hell”.

Likewise, my father was also very committed to his protestant faith. Remember that his father had been an elder in the protestant church. In addition, the plan was for Wilhelm and Rosemarie to take over the bakery and the store. The entire neighborhood was protestant. If he would marry a catholic woman in a catholic church and in a catholic wedding ceremony, these people would no longer buy bread from the Riehl bakery.

In the end, the commercial arguments prevailed over the catholic faith. On Easter 1934 (a two-day holiday in Germany) they got married secretly in the Immanuel church in Styrum. The only people present at the ceremony were my mother’s sister Trude and one of my father’s friends from Styrum. There was no party of any kind. I understand that my mother cried her heart out for hours. They took a one-hour train ride to Cologne to visit the famous catholic Cologne Cathedral (Koelner Dom), and that was all.

My mother’s Koeller family and the related Hütter clan were extremely upset and did not talk to Rosemarie at all for two years. Even when Rosemarie and Wilhelm went into her parents’ house (the public) pub, Opa Koeller would just throw them out.

Rosemarie continued to go on Sunday’s to her catholic Herz Jesu church. When the related Hütter family members saw her there they said, “You don’t have to do that. Your soul is already burning in hell!”

It was not until I was born in May 1936 that the relationship between Rosemarie and her parents was normalized again.

My parents with baby me, 1936

Life after Marriage

Wilhelm and Rosemarie rented an apartment at Brunnenstraße in Styrum, about one mile away from the house where Wilhelm grew up and worked. That house is still there, unchanged. He continued to work in the bakery and Rosemarie worked in the store and in the house.

There was not much money available. My mother told me that she carried two buckets of hot water every morning from her apartment at #8 Brunnenstraße to the bakery at Landgrafenstraße. Brunnenstraße has now been renamed to Friesenstraße, but the house is still #8. The water and electricity to heat it up were included in the rent at Brunnenstraße. Wilhelm's mother, my Omi Riehl, was very ill and died later in 1934, a few months after my parents got married. There were arguments about the value of the house and bakery at 37 Landgrafenstraße. Wilhelm and Rosemarie wanted to buy out Wilhelm's brothers and sisters, but they wanted too much money for their shares. Finally, my father suggested that they should pay him the amount of money they were asking for and then they should run the bakery (in other words, buy *him* out). Of course they were not interested, so finally there was agreement and Wilhelm and Rosemarie bought out Wilhelm's siblings.

By January 1935 my parents owned 37 Landgrafenstraße and the bakery and store.

May 11, 1936: My Birth

Soon after Rosemarie got pregnant, she developed a serious medical problem. Several Doctors recommended an abortion. In addition, this medical problem was of such a nature that she would not be able to get pregnant again. She could never explain to me what the problem was.

Not having an abortion and continuing the pregnancy would seriously endanger the life of Rosemarie. There was also a good chance that I, the baby, would also die or would have some birth defect. So, not surprisingly, the doctors and my father all wanted to go ahead with the abortion.

In spite of these opinions, Rosemarie insisted on having the baby. Twice she was on the operating table for the abortion to be initiated. Each time she told doctors: 'It is my body and I want this child. If you go against my wishes I will hold you responsible."

At Christmas time Nuns came to the hospital to visit and pray with patients. My mother heard how the hospital nurse directed the visiting Nun away from her room with the words: "You don't have to go there. She will get only half a baby."

After a few weeks Rosemarie had to leave the hospital. The doctor said: "We give birth here to children. We cannot keep nursing you along for several months until May." So Rosemarie went home and laid flat in bed to make sure that she would not lose the baby. As a result, she gained a lot of weight.

I was born on Monday, May 11, 1936, at approximately 5:30 in the morning. Later that day, the doctor came to my mother's room. Remember that there was no ultrasound or anything like that providing information about the condition of a baby before birth.

My mother said: "Doctor, give it to me straight. Tell me what happened. I am prepared for the worst."

The Doctor responded: “Mrs. Riehl, a gold medal. Your child is completely healthy.” Remember that in May, 1936 the Olympic Games were held in Berlin. People talked in Olympic metaphors. The American black sprinter Jesse Owens won several gold medals very much to Adolf Hitler’s chagrin.

My Youth: Birth through Age 18

My father and me (five months), October, 1936

1936 – 1941: My Earliest Years until Age 5

Given the problems and difficulties Rosemarie went through to get me, it is understandable that she was obsessed with protecting me against any danger and keeping me alive.

After a couple of months I had some kind of stomach problem. Dr. Tuerk, our Doctor at the time, prescribed milk every day from the same cow. This was possible because there was a nearby farmer who had a cow. Also, I had to eat a squished banana every day: "Squeeze it with a sterling fork!"

Rosemarie began to focus on growing the bakery business. She turned the store into a grocery store, encouraging her customers to do one-stop shopping. After a while she sold all kinds of food in her store except fresh meat and fish.

Mother’s store, approximately 1938

By expanding the bakery into a grocery store, my mother demonstrated her natural instinct for business. Marketing experts today know that it is easier to sell new products to an already existing customer than to find completely new customers. My mother intuitively understood this and successfully implemented this strategy to increase sales and profits.

To accomplish all of this Rosemarie hired Lotte Nass, a kind of maid. Her job was to look after me, clean the house and cook food for the family and the growing number of employees. My mother had two helpers in the store, an apprentice and a more experienced woman. My father also had an apprentice and a more experienced helper, a certified baker, a Geselle.

HR in 1937 at age 1

Once I could walk, I quickly became independent. I would hang out in the bakery and eat breads and cakes both baked and unbaked. I ate the fat used to grease the forms and plates which were used to bake the cakes. In summary, there was no more "squeezing it with a sterling fork or milk from the same cow". I ate everything I could get my hands on, including lots of dirt.

Today I know that this was good for me. My system developed immunity against all sorts of dirt and bad stuff. During all my life I never was really sick.

There is one more point I want to make about my early childhood. It was very important to my mother that I would not become a spoiled brat. My mother had seen this negative characteristic with many children, most prominently with her brother Stefan, my uncle Heini.

As I was an only child, there was danger that I would be spoiled. Indeed, my father loved me so much and was so proud of me that he would do anything that gave me pleasure. His tendency was to get any toy or any other thing I wanted. With a bread under his arm (people were starving), he could convince anybody to do anything that he wanted. Of course, my mother loved me too. But she made sure that I was never spoiled, and also watched out that my father would not do that either.

Up to this age, I have no memory of the incidents related here. I remember because my parents, mostly my mother, told me over and over again in many stories. The next maybe nine years, until age fourteen (1950), I also remember from my mother's stories, but increasingly from my own experiences.

Political and Economic Situation in Germany

Germany had lost World War I (1914 – 1918) and was forced to sign an agreement of unconditional surrender with France and other countries. The conditions of this agreement were extremely tough and lead to vast unemployment, up to 35%. Additionally, there was hyperinflation which ended in 1923 with a devaluation of the mark. There were twelve zeros eliminated from the value of the currency, i.e. 1,000,000,000,000 became just 1.

I am not trying to give an exact economic analysis, but I just want to give you a feeling for these chaotic times. My father Wilhelm, born in 1902, and my mother Rosemarie, born in 1908, experienced this as teenagers and young adults.

Against this chaotic background it was possible in 1933 for Adolf Hitler to be democratically elected as the leader (Führer) for Germany. Soon Hitler became a dictator and beginning in 1934 he forced all Germans to become members of his Nazi (National Socialist) party.

A photo of Hitler had to be hung in all public places, including my parents' store. When people saw that photo they had to greet it with the words "Heil Hitler". My father refused to do this initially, but in the end he had to give in to this stupid demand.

In addition to what mother sold in her store, father Wilhelm delivered bread and cake to a boarding school, which was a desirable business. As Wilhelm did not like Hitler, he had not joined the Nazi party. However, in 1934 the Director of the boarding school told Wilhelm, that he had to join the party or he would no longer be permitted to deliver bread to that school. So my father joined the Nazi party in 1934.

After the war had ended there was a so called "De-Nazification Committee" judging Germans regarding the extent to which they had been Nazis. It was like distinguishing between the bad Nazis and the not so bad Nazis. It was determined that people who had joined Hitler's party in 1933, the year when Hitler came to power, were the bad Nazis. The committee members realized that those who had joined in 1934 were de-facto forced to join and, as a result, they were not punished in any way. My father had been forced to join Hitler's party in 1934 and got away without any problems.

In 1939 Hitler began his war against basically all European countries and ultimately the entire world. This war forced rationing of many products in Germany including food.

At the beginning of the month, each family received coupons entitling them to buy a certain amount of necessities like bread, butter etc. When people wanted to buy food, the coupons were more important than money. A person had to have the coupon regardless of how much money they were willing to pay.

As the war went on, the rations or amounts of food Germans could buy decreased. This was particularly true from the time Germany lost the war in 1945 until the new Deutsche mark (DM) was introduced in 1948. During all those years, food, particularly bread and butter, was a commodity like gold. People got nothing for money, but everything in exchange for bread, meat and fat.

As my parents were in the business of baking bread and selling groceries, they had slightly more access to the things that could make life a little easier for our family. We certainly never went to bed hungry.

1942: First Year in Elementary School at Age Six; Major Life Lesson Learned

My first teacher in first grade was Miss Otto. Every day she assigned writing as homework, and on the following day she reviewed what we had written. The pupils who had written particularly nicely received as recognition a reward card. I was competitive from early childhood on and it bothered me that some of my fellow students already had earned several reward cards, but I had not received a single one.

My mother would always personally take me to bed. At that time we would do a little cuddling. I sometimes used this opportunity to share with my mother what had impressed me or bothered me over the course of the day.

On one such evening I told my mother that some fellow students had already earned several reward cards, and that I had none. I suggested that my father should go to Miss Otto with a loaf of bread under his arm and induce her to give me a reward card.

When my mother heard what I proposed, she got very excited. I was about to fall asleep, but she woke me up again. She made sure that she had my full attention, and she proceeded to explain. She said that the reason why the other students received reward cards was that they wrote their homework nicely and perfectly. Obviously I had not done that and, as a result, I had not earned a reward card. She made it very clear that my father would not intervene with Miss Otto and that I had to achieve it myself through an improved homework performance.

That must have been one of the first times when she told me those extremely important words, ***"What others can do, you can do too!!"*** At that point, according to my mother, I exclaimed "Well, if that's how it works, then wait, just wait!"

A few days later there were several customers in the store. I came back from school, opened the door of the store, burst into it waving the reward card over my head, and screamed "Mother, mother, I have one!!"

This story is extremely important. It is probably one of the most important lessons my mother taught me in my entire life. ***What others can do, you can do too!***

It helped me to build enormous self-confidence and to develop a can-do attitude early on in my life. I will get back to the self-confidence my mother instilled in me many more times in these memoires.

My mother instilled in me the belief that there was nothing that I could not do.

The bible says in Mark 9, 23 'Anything is possible if a person believes.' The television pastor, Robert Schuller, always preached to dream big dreams because "when you can dream it you can believe it, and when you can believe it, you can do it!" As a result of these lessons, I learned not to rely on others, not to be a parasite, but to be self-sufficient and succeed based on my own efforts.

I want to interject here some words of wisdom regarding attitude and the impact that attitude has on our lives.

> *Attitudes are the positions we take in life, the perceptual filters through which we give meaning and understanding to all of our experiences. I believe that a positive attitude is more important than education, than money, than circumstances, than failures, than successes, than what other people think or say or do. Attitude is more important than appearance, giftedness, or skill. Even with all these other attributes in place the right/wrong attitude will make/break a company, a church, a home, or an individual.*
>
> *The remarkable thing is that we have a choice every day regarding the attitude we embrace for that day. We cannot change our past; we cannot change the fact that people act in a certain way. We cannot change the inevitable. The only thing we can do is play on the one string we have: our attitu*des.

I believe that life is 10% what happens to me and 90% how I react to it. And so it is with you – you are in charge of your own attitudes.

1943: Experiencing World War II at Age Seven

In 1943, the initial success of Hitler's war subsided and Germans began to feel the war at home. There was regular bombing of German cities, including my home town, Mülheim. As I indicated earlier, we were located in the heart of the steel mills which were supporting the war and, therefore, experienced extra heavy bombing. My house at Landgrafenstraße was about 200 yards away from the next bunker where people sought shelter when there was an alarm for an enemy air attack. Those attacks were predominantly at night so that the attacking planes benefitted from the cover of darkness.

I remember my mother carrying me in her arms holding a cook pot over my head to protect me from shrapnel / pieces of bombs in the air. I remember seeing burning planes in the air shortly before they crashed to earth.

Sometimes we would not make it to the bunker. In those cases, we went downstairs into the basement of our house to seek shelter. We could hear the whistling noise of bombs in the air before they crashed into their targets. That was a good thing, because when we heard the whistling noise the bombs were flying over our house and not hitting us. It's almost like a thunderstorm: when you hear thunder, lightning is not hitting you.

One night we were in our basement when a dynamite bomb hit the house immediately adjacent to ours. There was a tremendous noise and the ground shook. We lost power and gathered and embraced in the dark, realizing that we were still alive. We choked in the dusty air, and my father poured water into my hands so that I could breathe again.
At dawn, we saw that the house next door was gone. Everybody in the house was dead, including two of my friends with whom I had played the day before.

It was important that our house was still standing and the bakery had not been destroyed. That was critical for my father, because the bakery was categorized as a 'life-sustaining enterprise.' My father was not drafted into the army because people needed bread to eat.

Fire-bombs often hit our house. They were phosphorous and the fire hit the floor and gradually spread out. If it would reach the walls, it would quickly expand and soon the entire house would burn and be destroyed. My father was prepared for that and put sand on the fire to extinguish it.

I remember one night when our house was hit three times by fire bombs. My father had enough sand to extinguish the fire caused by the first two attacks. When the third attack occurred he had no more sand.

His creativity saved the house and bakery and saved him from being drafted into the war. He took buckets of marmalade used in the bakery for making Danish and put them on top of the fire that was spreading on the floor. It worked. The fire was extinguished. The alarm siren sounded indicating that the attack was over. It was quiet. We prayed to thank God that we had survived and that the house and bakery were still standing.

Then we heard a bubbling noise like blup, blup, blup . . . It was the marmalade boiling in the buckets.

1944: Evacuation to the Countryside

Uchtdorf Near Rinteln/Weser

The bombing of our highly industrialized Ruhr area intensified, and it became more and more dangerous to live there. Therefore, my father decided to send me away with his sister Anna to stay near Uncle Herman who lived in the countryside some 150 miles east, right in the middle of nowhere. The place was called Uchtdorf near Rinteln / Weser. It was surrounded by many miles of farmland. Uchtdorf had only about 200 inhabitants. There was only one phone at the post office for the entire village.

Uncle Hermann Klockhaus, had arranged for us to rent the upstairs of a little house. We had just two rooms. There was an outhouse and a water pump for well water downstairs.

School in this village of Uchtdorf was held for eight grades with about 40 students in one room. The system was for the 8th grade to teach the 7th grade, 7th grade taught 6th grade, 6th grade taught 5th grade, etc.

The teacher, Herr Schwedes, taught a little to everybody, but his main job was to keep all the students quiet and disciplined. He punished offenders with a stick freshly cut from an outside bush, which he used by having them bend over to receive blows on the behind.

The owner of the house was Frau Koelling, who kept three goats behind the house. My job was to guard those goats. Each one was on a ten-foot chain attached to a pin that was driven about one foot into the ground.

At the end of the day, the goats had eaten all the grass within the circle of land they could reach. On the following day, I placed the pin in another area where they would again eat all the grass within that circle.

When I later learned that the circumference of a circle is two times the radius multiplied by the number Pi (3.14), I remembered my goats and understood the concept. In German one says, “Auf der Weide grast das Vieh, der Umfang des Kreises ist zwei r Pi.” In German that rhymes, which helps to remember the formula. Livestock (Vieh, pronounced fee) grazes on the meadow; the circumference of the circle is two r Pi (in German pronounced pee). I also regularly milked the goats and made goat butter for Frau Koelling.

There was a meadow behind our house about thirty yards deep. The meadow ended at a little stream (Exter) that was about ten yards wide. I learned to fish in that stream and caught trout and eel, which aunt Anna fried deliciously.

Trading Herring for Eggs

Occasionally, my father supplied us with some non-perishable food such as marinated herring in glasses. I remember getting on my bike and riding to a nearby farmer who had eggs but no marinated herring. I asked the farmer's wife whether she was interested in exchanging eggs for my herring. She asked, "How many eggs?" I said, "Three eggs", and she agreed. At the next farm house I asked for four eggs and the woman again agreed. When I asked for five eggs at yet another farm house the woman did not accept but was willing to give me four eggs. As such it was established that the proper 'exchange rate' was four eggs for one glass of marinated herring.

Hanover, Hamburg, and Berlin were east of us. When enemy planes attacked those cities it sometimes happened that a plane was damaged by German guns. Those planes would immediately return to the west, but first they would just drop their bombs to lighten up their loads. That explained why occasionally a bomb would fall on or near our village.

In spring, 1945, the war came to an end. My mother, then 37 years old, had come to stay with us for the last few weeks until after the war ended. We watched the two enemy fronts coming close to us every day; the Americans from the West and the Russians from the East. We wanted to be taken by the Americans because they had a better reputation for how they treated Germans.

The Americans, together with the French and English, already occupied a large part of Germany. They purposely slowed down to allow the Russians to get a big part of Germany as well.

Finally we were taken by the Americans. It was absolutely a non-event. The American Jeeps just rolled through the streets and passed our house. The American boys in their early twenties were very friendly and distributed chocolate to the kids.

After a couple of weeks Uncle Herman rode by bike from Uchtdorf to our home town Mülheim to find out what had happened. There was no phone connection. The bike ride took a few days. But he returned and reported that father Wilhelm was alive and the bakery and the house were intact.

A few weeks later my father arranged for an automobile to pick us up and bring us back to Mülheim. The power of a few breads and some butter had done magic again.

From a military draft viewpoint, my parents' timing for putting me into this world was perfect: when the Hitler war ended in 1945, I was six months too young to be drafted into the Hitler youth. Years later when Germany began to build an army again, I was one year too old to be drafted.

1945–1948: My Life in the Early Post-War Years
Ages 9 to 12

After the war ended in June 1945, there was chaos and confusion in Germany. This was true not only for the Germans, but also for the Allies, i.e. the Americans, English and French.

Organizationally, Germany was divided into four *occupation zones*: Russia occupied the east, including Berlin, and the three Western Allies occupied the west. My town Mülheim in the State of North Rhine Westphalia was occupied by the English.

Of course, the three Western Allies also wanted a part of Berlin. Therefore, Berlin was divided into four sectors: the Russian sector was called East Berlin, and the American, English and French sectors combined were called West Berlin. This explains how it came about that West Berlin was located in East Germany.

The Marshall Plan, Cigarette Currency, Lying to Customers

Immediately after the war, the Morgenthau Plan was proposed by United States Secretary of the Treasury Henry Morgenthau, Jr. in a memorandum entitled ***Suggested Post-Surrender Program for Germany***. The plan advocated that the Allied occupation of Germany following World War II establish measures to eliminate Germany's ability to wage war by de-activating its armament industry and removing or destroying other key industries basic to military strength. This included the removal or destruction of all industrial plants and equipment in the Ruhr area.

I remember the front page of our newspaper looking like an obituary. It reported in detail exactly which steel mills and factories were to be dismantled or destroyed.

Fortunately for Germany, the Morgenthau plan was short-lived. As the Russians charged full steam ahead to convert East Germany into a communist country, it became clear to the Western Allies that the Russians were no longer their friends. The Morgenthau plan was killed and the **Marshall Plan** was proposed to take its place. This plan (officially, the European Recovery Program, ERP) was the American initiative to aid Europe and Asia by contributing $ 13 billion (approximately $ 160 billion in 2016 dollar value) in economic support.

I copied the following from the internet to be sure that I got it perfectly right. This huge event in world politics marked the beginning of the cold war.

> As the war-torn nations of Europe faced famine and economic crisis in the wake of World War II, the United States proposed to rebuild Europe in the interest of establishing political stability and a healthy world economy. On June 5, 1947, in a commencement address at Harvard University, Secretary of State George C. Marshall called for American assistance in restoring the economic infrastructure of Europe. Western Europe responded favorably and the Truman administration proposed relevant legislation. The resulting Economic Cooperation Act of 1948 restored European agricultural and industrial productivity. Credited with preventing famine and political chaos, the plan later earned General Marshall a Nobel Peace Prize.

My personal experience with these events began in 1947 at age 11 in my home-town Mülheim.

Germans were starving. There were long lines outside my mother's store with people waiting to get a meager half loaf of bread. My mother had police in the store assuring that people would not just jump over the counter, grab bread and other foods, and start eating.

At about that time, the Marshall Plan was implemented. I envision a situation in which there was a change in the relationship between the two contact persons representing the Americans and the Germans respectively. Instead of being hostile and cold, the day came when the American offered a cigarette to the German and asked what the Americans could do to help the Germans.

The surprised German said, "What we need most is korn." The German meant 'grain' like rye and wheat. However, the German word for grain is Korn and, since the German did not speak English that well, he said, "We need korn." The American told his seniors in Washington that the Germans wanted corn. As a result, corn flour arrived in Germany, including at my father's bakery. I remember the sticky yellow bread my father baked with that corn flour. It took a few weeks until the misunderstanding was cleared up. I clearly remember when the first wheat arrived. Beautiful white flower in wonderful linen sacks. Many Germans used that linen material to make shirts.

Also at that time my father caught his then 16-year-old apprentice Hans Mirswa and his father stealing a 200-pound sack of flour. The flour was worth a fortune. Father and son were sent to prison. One year after the son had been released from prison, the local catholic priest, Kaplan Kueppers, came to my father and begged for mercy for Hans. The Kaplan explained that Hans could not get any job because of his criminal record. My father responded to the Kaplan's request and rehired Hans. Hans Mirswa worked for us for many years and became one of my closest friends. He told me about the birds and the bees when I was 14 and he was 19 years old.

Hans Mirswa in 1988 at Mother's 80th birthday party

After my father died in 1956, Hans worked as a driver for a brewery delivering beer to vendors. A few years later he became a senior driver allowed to collect money for the deliveries. He got married, had children, and lived a productive life. All this happened because my father forgave him and gave him another chance. Francis of Assisi said, "It is in pardoning that we get pardoned."

To this day I believe strongly in forgiveness. Jill and I wrote in our 2009 self-designed Holiday Card:

> *Forgiveness is joyful, easy and, most of all, exceedingly freeing.*
>
> *Do it for yourself to provide the antidote for the poison that you have allowed to circulate inside you.*
>
> *To err is human, to forgive is divine.*

After the war, money was worthless. We had what was called a 'cigarette-currency'. Here's an example of how it worked. In spite of having two cats, we always had mice in the bakery. To help fight them, my father offered a cigarette for each mouse that was caught. I knew that I could get a rubber ball to play football (soccer) in exchange for twenty cigarettes. So I caught mice, received cigarettes in payment, and exchanged them for the ball.

My mother hoarded goods and merchandise in her store. Nobody wanted money; everybody just wanted stuff. I remember that my mother somehow had gotten white shoe cream, an ultra-luxury at that time. This item was reserved for very special customers. One time, I had just finished unpacking an entire box of white shoe cream in the back room, brought it into the store, and placed it below the counter so that nobody could see it.

Some woman (not a regular customer) came into the store, and asked for two rolls, i.e. a tiny purchase. Then the woman asked, “Mrs. Riehl, do you happen to have some white shoe cream?” My mother responded, “Oh I am so sorry, but you know we do not get such luxury items these days.”

Assuming that my mother had forgotten the shoe cream eleven-year old wise guy me had put under the counter, I exclaimed, “Mutti, Mutti, there is plenty of white shoe cream right here under the counter. You asked me to put it there.”

It was a big problem for my mother who had to give an explanation to the woman and also to me. Mother had always told me not to lie as per this poem below, which was in my mother’s elementary school reading book, and which I learned by heart when I was seven years old:

Poem: Good Advice

> First of all, my child: be faithful and true.
> Never let the lie dishonor your mouth.
> From the beginning of time
> The highest value among all people
> Was always to be faithful and true.
>
> You are still young,
> It is not yet so hard.
> But a boy becomes a man;
> A fledgling bends, but the tree no longer does.

Say "yes" or "no" and don't twist your words around.
Whatever you say – keep it brief and simple.
What you vowed, be your highest duty;
Let your word be holy, therefore do not waste it.

With great ease the lie sneaks up to your heart –
First a dwarf; a giant later.
However, your conscience shows the enemy to you,
And a voice inside you screams, "Be thou awake!"

Then be alert and fight.
There is an enemy ready:
The Lie in you, it threatens you!
My dear child, always fight courageously for the truth!
You my child, be brave, faithful and true!

Translated from German by Heinz Riehl
Original German in the Appendix [2]

1946: Important Decisions (Age 10)

I turned ten years old on May 11, 1946. I remember that we had a great party and I received a colorful fish tank as a present. At that time, two important decisions were made.

HR in 1946 at age 10 in German Lederhosen

Start of My Career as a Baker

The first decision was that I would start working in the bakery. All my life I had heard that I would learn to become a baker and one day take over the bakery. Therefore, beginning in 1946, my father woke me up every morning around 4:00 o'clock so that I could help him bake rolls. Germans expect to have fresh rolls together with the morning paper at their doorstep not later than 7:00 a.m.

HR as a baker at age 11

My father got up earlier to prepare the bakery. When he woke me up he had to climb from the bakery in the basement to the second floor where the bedrooms were.

"Heinz?" "Yes Pappi." "Good morning. Are you standing?"

He asked me whether I was standing to assure that I would not fall back to sleep. There was no heat on the second floor, and my father knew that once I stood on the cold linoleum I would not fall back to sleep.

In the evenings, I always put a brick into the still hot bakery oven. Before going to bed I wrapped a towel around that brick and put it at the foot of my bed. Once my feet were warm my entire body was warm.

This was also the time when my mother taught me to finish a hot bath or warm washing with cold water all over my body. This is a wonderful and very healthy habit that I continue to this day and recommend to everybody. After I finish a hot shower, I switch rapidly to a very cold shower with strong pressure. I feel like a million dollars and never have a cold. (See article on the benefits in the appendix[21])

Anyway, my father assured himself that I was standing, so that I would not fall back to sleep. The routine in the morning was that I would help bake rolls from 4:15 to 6:00. After that I would distribute the rolls to our retail customers on my bicycle. Mrs. Schmitt got three rolls, two dark and one light, etc. After that I would wash up, get dressed and go to school.

On my bike with bread basket, Age 11, 1947

Choice of School Not Leading to Academic Path

The second decision was that I would leave elementary school and go to the six-year high school (Mittel Schule), a decision that had far-reaching consequences in my life.

My parents had the choice between sending me to this six-year high school or to the nine-year high school (gymnasium). At that time, only students who graduated from the nine-year gymnasium with the 'Abitur' were allowed to go on to university and pursue academic studies. At the gymnasium, students learned Latin and more theoretical things, whereas at the six-year high school students learned English and more practical things.

My parents' thinking was as follows. All bakers in town had only an elementary school education followed by an apprenticeship in baking. Some became master bakers like my father. My mother wanted me to be something special. Therefore, she took me out of elementary school and put me into the next better school – the six-year high school. The fact that the degree from that six-year High School did not permit students to go to university did not bother her; as a baker I would not need to study at a university anyway. This was extremely important because at that time in Germany parents decided when their kids were ten years old whether or not they would later be able to pursue an academic career.

So I started the first grade of the six-year high school in Oberhausen in 1947 at age eleven, one year later than normal because I lost one year during the war.

My fascination with German football (soccer) began around this time. We played in the street either on my Landgrafenstraße or the next cross street, Limburgstraße. We played either with a rubber ball or just some rags sewn together. As a goal we simply placed two bricks into the street some ten feet apart and did the same some thirty yards down the road for the other goal. That was our football field. But we had fun.

After a while, one of my father's breads made the impossible possible: for Christmas 1947 I got a real leather ball. It was white, shiny, and beautiful. I was in heaven. No other child had a real soccer ball. All my friends were happy because, of course, they also played with my wonderful ball.

1948: First High School Report Card Not Good (Age 12)

Motivation to Improve Through Locked Up Soccer Ball

At the end of my first year in High School I received a terrible report card. I had earned only an “F” in English and Geography. There was also a comment: “Heinz must work harder.” The rule at the time was that students with two F grades must repeat the year. However, I had an A in Mathematics. That grade offset one F so that in net terms I had only one F, which allowed me to move on to the second grade.

My mother was very unhappy with that report card. There was no yelling or other type of chaos. She simply took away my wonderful soccer ball and said, “That ball will remain locked up until you get a good report card.” I still see the cabinet into which my ball was locked. It was terrible, and all my friends were indirectly punished too. No more leather soccer ball.

Learning How to Learn and Excel as a Student

Report cards were issued every four months. Those next four months changed my life. My mother hired one of my uncles to come to the house twice a week to help me with my homework. Of course I was highly motivated to get my soccer ball back.

The result was that my next report card was excellent, the soccer ball came out of the closet, and the world was wonderful again. Ever since that time, and for as long as I went to whatever school, I was one of the top three students in my class.

I also learned that it is easier and more fun to get a grade of A than to get a grade of B. Here is how and why:

I sat in the front row of my class and paid full attention to the teacher. Whenever there was something that I did not understand, I asked the teacher about it until I understood. I made sure that by the end of class I was fully familiar with the subjects that had been presented in class.

Each day, homework was based on what had been discussed in class and therefore it was easy for me. I completed it in a short time and in perfect style. I call that 'positive snowballing,' where one good thing is the basis for the next good thing to happen.

The next day in school was fun. When homework was presented, I was eager to show it to my teacher. I knew that I had done an excellent job and wanted the teacher to see it. When the teacher asked questions about yesterday's topics, I was eager to be chosen to provide the answers.

When the teacher advanced the subject further, and started talking about the next chapter of whatever we were talking about, I could follow easily because I knew everything that had been discussed and exactly where we had stopped. If there was a detail that I did not understand, I would immediately ask and get clarification. Each class was interesting, and I was usually sorry when the bell rang and class was over.

The above system shows how to get A's in school:

- Sit in the front row.
- *Pay attention* to the teacher
- Ask clarifying questions.

Homework is easy, and the next day in school is fun because one knows that one has done a good job with the homework. New subjects are easy to understand because they are built on what one already knows.

A grade of "B" is the result of the opposite behavior. The student sits in the back of class, does *not pay full attention*, does not fully understand what the teacher is talking about, and does not ask clarifying questions. As a result homework is more difficult and time-consuming, and sometimes is incomplete or does not get done at all. As a result of that, one is afraid of school on the next day. The student does not want to get caught with incomplete home work. Also, new subjects are more difficult to understand because the previous lessons were not learned completely, etc, etc

This is "negative snowballing" where one bad thing is the basis for the next bad thing to happen.

I have said that my mother was a very strong influence in my life. Here is a summary of why that was so:

- **She told me over and over again, "What others can do you can do also."**
- **When I wanted the reward card she taught me that if I want to succeed, I have to do it myself; I have to be the force behind my own success**
- **By taking my soccer ball away until I performed in school, she taught me that reward only comes with effort.**

HR at about age 13

Other Activities

My Brief Soccer Career; From Star to Loser Kicked Off Team

(Reference from page 76)
Like most German boys I played soccer in the street with two bricks marking the goal posts. It was during the war and just after the war when nobody had anything. As I mentioned before, we usually played with some rags sewn together. If we were lucky we had some sort of a rubber ball.

To choose the teams, two boys would face each other some six or seven feet apart and then take turns in putting one foot in front of the other one. The first one who could not put a complete foot into the remaining space had lost the 'toss.' The winner would pick one boy for his team and then the other one would pick and so on until all boys had been chosen. This was rather brutal, because each boy learned very quickly his rank in a particular group, especially when he frequently was one of the last ones chosen.

I was almost always one of the two 'captains' choosing the teams. This already was happening *before* Christmas of 1947 when my father arranged for me to have a real leather soccer ball. I did not realize it at the time, but it began to show that I was a natural leader.

When I did not play in the street, I would play with Kurt, my father's bakery apprentice. He was a few years older than I and played in the youth team of FC Styrum. He and I kicked the ball around behind our house in the back yard. At that time, he noticed that I could kick the ball very hard and with precision.

When I was about 13, Kurt invited me to meet the coach of the FC Styrum youth team. The coach immediately invited me to play on his team. He gave me the position of center forward and instructed me to try to escape the cover of the opposing defender. He said, "When you get the ball within 20 yards of the goal, don't fool around or try to do something smart. Just shoot at the goal."

That coach knew that I really could not play football at all and certainly would lose the ball quickly to the opposing defender. However, the coach also knew that my kick with either foot was deadly and I could score goals that way. This strategy worked well. In my first game on the team we won 1:0, and I scored the winning goal.

In that year we made it to the final of the Mülheim town championship. We won 5:2 and I shot three goals. Everybody was happy, and I was a hero.

The following year we had to play in a higher league because of the previous year's success. Of course, our opponents in that higher league were much stronger so that my team was usually defending. In such a situation, a good center forward will help defend, try to get control of the ball and carry it forward to initiate a counter attack.

However, as I could not really play football, I did not do that. I just kept standing around in the middle of the field waiting for the ball to be given to me. I also was afraid of physical contact in one-on-one situations. Instead of trying to get the ball, I would rather pull back my foot and leave the ball to the other boy. I was afraid of getting injured. All of this lasted for two games, after which everybody called me bad names and I was kicked off the team.

My mother asked me to learn a lesson from all of that. The sympathy and support of people change very quickly. Yesterday you were a hero; today you are a no-good loser. Like Hosanna and crucify in the bible!

Bowling for Money; Performing Under Pressure

When I was about ten years old I usually spent Saturdays at Opa's pub, because that day was the busiest in my parent's store. On those days, I practiced often on Opa's bowling alley and became quite good at that sport. As a result I was able to hit the extreme right and left pins without touching any of the adjacent pins almost without fail. This was a pretty rare skill, particularly for a boy my age.

Opa liked to showcase me to his friends and regular visitors of his pub. He especially enjoyed betting with these people on my ability as a bowler. For example, he might bet for a round of beers that I could hit the correct pin when the guest yelled either 'right' or 'left' while I was already moving and approaching the release of the bowling ball. I had to listen to those commands and when the guest said 'right', I had to get the extreme right pin; and when the guest said 'left', I had to get the extreme left one.
If I performed according to Opa's prediction and the guest's commands, the guest had to pay for the beer. In the rare case when I missed, Opa had to pay for the beer. This provided entertainment for the guests, and Opa made a bit of money on it. This is an early example of my athletic ability and ability to perform under pressure.

Bowling Age 12

Playing the Piano, Ideal for Life-long Enjoyment

In addition to working early mornings in the bakery, another thing that happened shortly after I turned ten years old was that my mother suggested that I start playing the piano.

I knew that my mother was an excellent pianist and had often listened to her play. She could just sit down and play off the top of her head, without music, literally hundreds of songs and pieces. That was very impressive, and so I did not hesitate to begin taking piano lessons.

Once a week my teacher, Mr. Mensen, came to the house to teach me how to play. I remember that he was paid five DM for that hour, which at that time was very good pay.

After learning the basics including the "Tonleiter" (scale), Mr. Mensen taught me how to play actual pieces of music. My problem was that he wanted me to play the classics like an etude or a sonata. However, I wanted to play the hits of the day like 'Das machen nur die Beine von Dolores' and 'Capri Fischer'.
He claimed that if I learned enough of the classics I would be able to play the junk day-to-day hits "vom Blatt", which means reading the music and playing without any practice at all.

Each week I learned one new piece which I had to practice during the week and play for Mr. Mensen at the beginning of the session in the following week. He graded my playing and my mother demanded that I get an A for my performance.

I was supposed to practice every day for one hour. Whenever I had not done that for a day or two, my mother reminded me of the consequence of not getting an A. You guessed it; the leather football would be locked up for one week.

I usually practiced for an hour or two on the day before Mr. Mensen came and got an A minus. My mother could not understand that grade because she knew that I had practiced very little. However, I was talented and did not need that much practice for an A minus.

Mother wanted to take away the ball, because I did not get an A, and I would argue that there was an 'A' in the grade 'A minus'. I usually won the argument and kept the ball.

On Sunday mornings, my father enjoyed when I played his favorite songs like *Ich bin nur ein armer Wandergesell*. At such times, I would also play pieces for four hands together with my mother. Obviously I played all the Christmas songs during Christmas season.

Even with my limited repertoire of modern hits, I remember playing the piano at Opa Koeller's bowling alley with Cousin Renate and her girlfriends dancing to my music. That was when I was about 13 – 14 and they were two years older. Renate was the daughter of Aunt Trude, my mother's sister.

Cousin Renate with me and my dog Hexe, 1948

I strongly believe that the piano is one of the most desirable musical instruments to learn because of its versatility and suitability for both classical pieces and popular entertainment. Also, the piano is by far the most attractive instrument for playing solos. There are plenty of piano concerts and virtually no stand-alone solo concerts for most other instruments. The occasional concert performed for trumpet or violin requires other instruments to support their solos.

Also, solo sheet music for wind instruments such as trumpet, saxophone, clarinet, etc. is difficult to find. I learned this from my grandson Riley LePere who, at the age of 15, is already a very accomplished saxophonist. Currently he plays first chair in his high school band. In fact, he is so talented that he now attends the difficult-to-get-into Governor’s School of South Carolina in Greenville. This is a public residential high school for gifted and talented students.

The accordion is another great instrument that can be played solo. In German it is also called “Schifferklavier”, which means sailor’s piano because it can be transported easily. Finally, the guitar can be played solo provided that the player is also a reasonable singer.

Not only is the piano a fantastic instrument for playing solo, it is a great addition to an orchestra, where it often has great solo passages.

My favorite pieces in the classical repertoire were the *Second Hungarian Rhapsody* from Franz Liszt and the *Largo* from Handel. In the popular genre, I liked the march *Alte Kameraden*.

Mr. Mensen argued that I could be a very good player if, repeat if, I would practice. He was in a difficult position because he was a poor guy and needed the five marks badly. Therefore he had to sufficiently praise me and my playing so that my mother would not discontinue my lessons. Eventually I stopped when I began to play tennis a few years later.

Anyway, I very much enjoyed having learned to play the piano. It gave me a sense and basic understanding of music. I also sang the hits of the day while I played. The music usually had three verses of lyrics which I sang and remember and know from memory to this day.

Playing the piano also helped me to learn typing on the typewriter and later the telex machine and today on the computer. I was at that time, and am still today, 100% fluent and perfect in “ten finger blind” typing, rather than the “two finger search” system that most people do.

The photo below was taken in my parent’s garden behind our house on Pentecost / Whit Sunday (approximately May/April, 1949) when I was 13 years old.

Front row: My father Wilhelm (age 47), Oma Koeller, my mother (age 41), Opa Koeller, Aunt Trude (my mother's sister), Friedel Maas (fiancée of Uncle Heini)
Second row: elevated standing on a bench Uncle Heini (my mother's brother), Cousin Renate (daughter of aunt Trude) and me.

Confirmation in Church after Two Years of Christian Education

Like most Christian kids I was baptized a few days after I was born. Beginning at age twelve, I attended a bible class for one hour one day during the week. This was called *Katjumänen* classes in the first year and *Konfirmanden* classes in the second year. In addition, all children who were candidates to be confirmed had to attend church every Sunday during those two years. We had to sit in the front two rows and drop a piece of paper with our name on it into a box so that the pastor could monitor who had attended church.

Memorizing Psalms and Songs (Age 14)

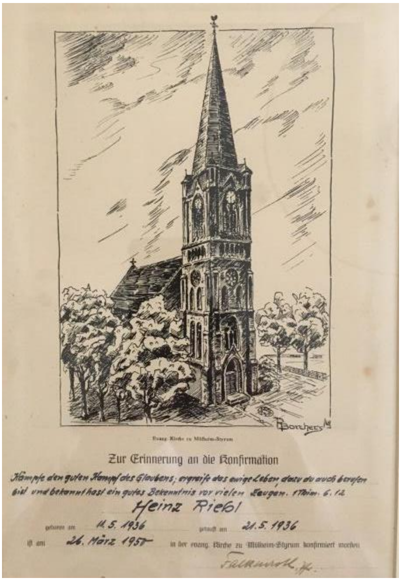
During those two years, I became familiar with the essence of the bible and the Christian story. I also learned and memorized many psalms and church songs. My father knew all those things by heart and insisted that I learn them as well. Most of those songs and psalms I know to this day.

In fact the beginning of the 23rd Psalm is one of my daily prayers:

> "The Lord is my shepherd,
>   I have all that I need.
> He lets me rest in green meadows;
>   He leads me beside peaceful streams.
>   He refreshes my soul.
> Even when I walk through the darkest valley,
> I will not be afraid,
>   for you are close beside me.
> Your rod and your staff
>   protect and comfort me."

The Confirmation took place at the end of those two years of Christian education. It usually happened on Palm Sunday just before Easter. The purpose of the ceremony was to 'confirm' the action taken by my parents at the time of baptism. At the age of 14, an individual has a good understanding of Christianity resulting from the two years of training and confirms his/her intention to be Christian.

In that church, my parents got married in 1934, I was baptized in 1936. I was confirmed in 1950. I got married in 1959 and my first son, Heinz, got baptized in 1960. All of this was performed by the same Pastor Falkenroth.



Church in which I was confirmed

Confirmationclass: Heinz extreme left in back row

1950: Beginning of My Tennis Career (Age 14)

I will describe in great detail my tennis activities in the first few years for the following reasons:

- They greatly influenced my formative years.
- I was quite successful in that sport.
- Tennis got me out of the bakery and into banking.

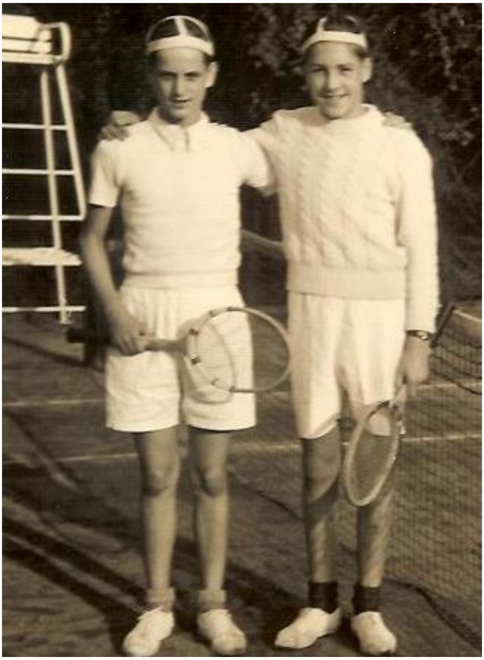
On a warm day in May, 1950, I went with Cousin Renate and one of her friends to the Stadion Swimming Pool in Styrum. This was a large pool bigger than a football field. I had taken my bicycle and parked it in a small area adjacent to the tennis courts. At that point, I noticed that my cousins Karl Otto and Horst Hütter were playing tennis on the court nearest to the guarded bike parking area.

I watched them for a couple of minutes and I was immediately attracted to the game with its white ball on the red ash courts. There were two more tennis courts and all the players were dressed in white. The entire atmosphere appeared different, elegant and special. I fell in love with what I saw and decided that I wanted to try playing tennis. This was also just the time when I had stopped playing football, as described above.

In those days there was no golf in Germany. Tennis was what golf is today in the USA. It was called the 'white' sport because at that time it was mandatory that players were dressed all in white. It combined high social class with very serious athletic competitiveness. The German champion at the time was Baron Gottfried von Cramm. He always played in long white pants and had been number one in the world from1936 to1938.

When I got home I told my parents about it. They liked the idea of my playing tennis because they thought it was a much better activity for me than playing soccer or hanging out in the streets. My mother's uncle, Dr. Otto Hütter, at the time a leading lawyer in Oberhausen, was president of that club, which was called Tennis Club Rot Weiß Stadion Mülheim. One phone call to Uncle Otto and I was a member of the tennis club.

I made an appointment with my cousins Karl Otto and Horst for my first game of tennis, or better for my first attempts to hit that small white ball.



Karl Otto and me (age 14)

Years of playing soccer helped my footwork when playing tennis. I also had good hand-eye coordination and almost immediately hit the ball quite well.

Within days I attracted the attention of Herbert Vogt, the reigning club champion. He was about 40 years old, slim and tall, and a real sportsman. Herbert was a Prokurist, or Vice President, of Dresdner Bank in Oberhausen, responsible for securities including stocks.

All of this I found out later. What I noticed immediately was that Herr Vogt patiently introduced me to the basics of tennis. He taught me how to hold the racket. For the forehand, he taught me to put the left foot in front and shift weight from right to left when hitting the ball. For the backhand, it is the other way around. It turned out that I had a talent for playing tennis and soon became one of the better players in the entire Club, not just among the juniors, but among the adult men.

Tournaments: Rot Weiß Tennis Club Vs. Other Clubs

Inter-club tournaments were tennis and social highlights of the season. I remember that we played tournaments against Uhlenhorst Mülheim, OTHC Oberhausen, Dinslaken and several others. The matches consisted of men's singles, lady's singles, men's doubles and mixed doubles. Each match was worth one point, and whoever had the most points in the evening won the tournament.

Winning was not so important in those events. As the tournaments were played every year, the players knew each other very well and were friends. People would take a shower after the matches, and then the party began. It was very simple pleasures: beer and Frikadellen (hamburgers), Würstchen (hot dog) and potato salad. The focus was on the camaraderie.

There were many speeches made. Whoever wanted to talk would simply get up and stand on his chair to get the attention of the group, which counted around 40 people.

I remember one special highlight, which was when Erich Nierhaus from OTHC Oberhausen delivered the *Kirmes-Ansager*. Part of the attraction was the intentionally wrong German and exaggerated foreign accents, usually Polish. However, the content was also special. I will repeat a few lines which are still in my memory (see appendix [3]).

I participated in those tournaments as long as they were one-day events. Some events went Saturday / Sunday over night, for instance when we played in Dinslaken, which was some 30 miles away. I was not allowed to play at those overnight events. Remember I was just 14 or 15 years old.

The Club often organized parties with the theme/motto *all around the clubhouse*. Those parties started inside the clubhouse, and later there was dancing immediately outside the clubhouse on the terrace. After that many people took lanterns with candles in them and marched around the entire area, including the large adjacent swimming pool area. Sometimes people would get lost . . . and never returned to the club house!

I benefitted unknowingly from these tournaments because of the interface with adults. I saw that eating with a knife and fork was elegant, and that I should lift my arm when eating to bring the fork to the mouth and not the mouth to the fork. My mother taught me how to do all of that, but I did not want to do it. When I saw these adults eating so elegantly, I wanted to do it, too.

Creative Fast Climbing on Club's Competitive Ladder

There was a ladder ranking the top twenty players of the Club. The rules were that any member could challenge the 20th ranked man. If the challenger won he became number 20 on the ladder. For those men already on the ladder, a lower ranked member could challenge the immediately higher ranked member. For example, #12 could challenge #11 etc.

After a few weeks, in my first year of playing tennis at age 14, I challenged #20 and won. That put my name on the ladder and I was very proud of that. The next day I challenged #19 and won. After that I challenged #18 and won, etc.

Some of those men did not want to play and lose against a 14-year-old child like me. The rules called for the challenger to provide three new balls. I remember one gentleman, Mr. Dubs, who examined the balls I provided for the challenge match. They were not really completely new; I had played the previous challenge match with those balls and won 6:0, 6:0 in less than 30 minutes. However, Mr. Dubs, a medical Doctor in town, demanded new balls which were expensive and not that easy to get. This was 1950, only five years after the end of the war and only two years after the introduction of the Deutsche mark (DM) and the beginning of the German economic miracle.

I provided completely new balls, and he was also beaten without winning a game. This was not nice of Herr Dubs, but I did not care. I knew that I was one of the best players in the Club and I wanted to see my name near or at the top of the ladder as quickly as possible.

To accelerate this process I did the following. When I was, let's say, in position 12, I called #11 and made an appointment for a challenge match for, say, Wednesday at 3:00 p.m.

As I was sure that I would win that match, I also called #10 and made an appointment for a challenge match for that same Wednesday at 5:00 p.m.

Number 10 did not know that I was ranked only #12 at the time when I phoned him, and he accepted the challenge. He knew that I was an up-and-coming youngster and believed that I was immediately behind him at #11.

I won both matches, and at the end of the afternoon was ranked #10. However, one of the members noticed my behavior and complained to President Uncle Otto about me. This resulted in a serious warning from Uncle Otto and my parents, who were informed by my Uncle about my conduct.

Valuable Disciplinary Action by President Uncle Otto

The following is an important occurrence, because it shaped my behavior on the tennis court, particularly in important competitive matches. It happened during my first year of playing tennis in 1950.

I was playing a tournament match and had just lost a game so that the score in the set changed from, say, 3:1 to 3:2. The score of 3:2 when added together is an uneven number, 5, which means that the players must change sides on the court.

I walked up to the net and threw/placed (depending on your point of view) my tennis racket against the net. My intent was that the racket would stand on the top of the hitting surface with the handle of the racket leaning against the net. However, to be honest, I did not actually land the top of the racket on the ground. Instead, for the last few inches, the racket was in the air without me holding it.

Uncle Otto observed this action and concluded that I had thrown the racket into the net. This was enough for him to take action. Remember I already had a warning for making double appointments to challenge people without being ranked immediately behind them.

While I was still playing and finishing my match, Uncle Otto phoned my parents to get their concurrence to suspend me for a couple of weeks. This reprimand had a major impact on me. I learned to control myself on the tennis court, and to conceal my emotions, never mind whether there were good or bad things happening to me and my game.

This stoic poker face demeanor helped me a lot in important matches. I observed that when my opponents started yelling or throwing around their rackets, it hurt their game. When I observed this type of behavior, I knew that they could not fully concentrate anymore and probably I had already won the match.

I am still grateful to Uncle Otto, and told him so many times as the years went by, because it helped me win so many matches.

Singles versus Doubles Play in Tennis

I want to make one important comment about tennis: In my opinion real tennis is singles tennis, and not doubles. I feel strongly that doubles almost should not be allowed to be called tennis. Of course, it is tennis, but it is dramatically different in many ways.

> Any reader of my story about tennis should be reminded that in order to reap similar joy and benefits as I was able to reap from tennis, you have to play singles and nothing but singles.

Tennis is an Ideal Life-time Sport

The following table illustrates my view of the relative attraction of tennis as a life-long adult sport.

5 = high **1 = low**

Sports	Time	Phy'cal	Cost	Avail	Social	Career	Total
Tennis singles	5	5	5	5	5	5	**30**
Dancing	5	4	4	4	5	3	**25**
Running	5	5	5	5	1	2	**23**
Bowling	5	3	3	5	5	2	**23**
Swimming	5	5	5	5	2	1	**23**
Boxing / wrestl.	5	5	5	5	1	1	**22**
Riding, horses	5	3	1	3	5	4	**21**
Skiing	3	4	3	3	4	3	**20**
Sailing	3	3	3	3	4	3	**19**
Golf	1	3	1	4	5	5	**19**
Team sports	4	4	4	1	1	1	**15**

The above table is just a reflection of my own views. It shows tennis, particularly singles tennis, as the ideal life-time adult sport because it:

- does not take too much time
- is good physical exercise
- does not cost a lot of money
- is globally and readily available indoors and outdoors
- facilitates creating & maintaining friendships and social contacts
- creates contacts & friendships supporting professional careers
- has the capacity to satisfy competitive ego

I strongly believe every child and teenager should play one or more team sports because it is fun and contributes to the building of character and team spirit. I learned many lessons from playing soccer or European football. (See page 60). I rate team sports at the bottom of my "attractiveness" table only because they require several people and are therefore often difficult to continue to play as an adult.

In addition to playing team sports, children should be encouraged to find an individual sport they enjoy and can play throughout their lives.

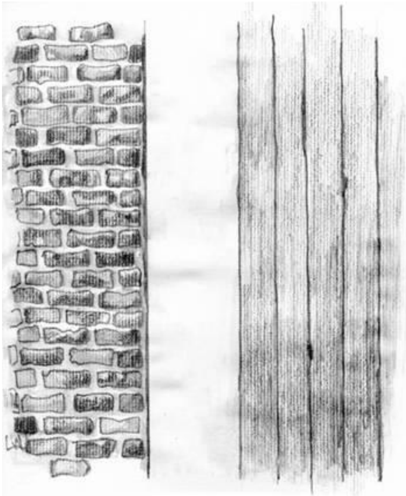
Finally, for the avoidance of doubt, I believe it is important to actively play any kind of sport instead of just being a spectator or watching it on television.

Ninety-nine percent of my tennis was singles play. As I said, I did not like doubles, did not play it often, and as a result was not good at it. I wanted to be general and soldier of my own army and not depend on others.

Also, my style of play did not lend itself to doubles. I never had a strong serve, which is so important in doubles. Likewise, my volley play was average at best. Most important, however, my ground strokes like forehand and backhand were not very hard, yet they were very precise.

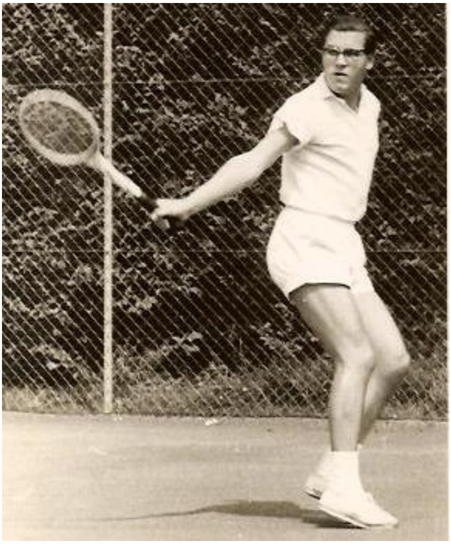
So how did I manage to compete so successfully in singles? I did well because of my precise ground strokes which were placed exactly where I wanted them and with which I seldom made a mistake or unforced error.

(Reference from page 80)
I developed this precision with my ground strokes behind the bakery where I hit balls against the wall for hours and hours. Obviously, there was no tennis wall. Instead there was a building which had a garage on the right side and a pig stall on the left side. The garage doors on the right side were made of wood. I was not allowed to hit against those doors because it would leave marks and also create a banging noise. To the left of the garage doors was a crude brick wall from which the ball would not come back in a predictable way. However, between the garage doors and the brick wall was a smoothly cemented space of about 1½ feet or 45 centimeters (illustrated below). Those 1½ feet were the target of my hits against the wall. I would spend endless time every day hitting against that small smooth space on the wall to practice my forehand and backhand.



The strength of my singles game was the ability to move the opponent around the court with precisely hit shots hit at half speed the way I hit against my wall at home. Because I did not hit the ball so very hard, I did not make many unforced errors. My opponents could always get to the ball, but they had to take a few steps to get to my shots. That increased the probability that they would make a mistake or unforced error. That, in turn, upset my opponents and they tended to 'explode' in words and actions. They did not have the benefit of Uncle Otto's disciplinary lesson and, while my opponents were exploding, I kept my poker face which irritated them even more.

In a nutshell, this explains the basis of my success in singles tennis.



My Backhand, 1952

My First Coach, Heinz Gies
Learning the "Secret of Footwork"

Herr Gies was a master of the theory of tennis. He actually wrote a book entitled Das Geheimnis der Fußarbeit (The Secret of Footwork). The sub-title was *Das Tennislehrbuch für Anfänger, Fortgeschrittene und Meister*. (Tennis Instructions for Beginners, Intermediates and Masters) The book has 160 pages and was published by Matthiae, Duisburg, in 1953.

The main philosophy of Herr Gies in his book was, "The way you bed yourself is the way you sleep; and the way you stand is the way you hit the ball." This book is still in print.

I learned from Herr Gies exactly how that secret worked. Good footwork was very important for my style of play, which involved long rallies. People who have big serves and go to the net and volley do not need a lot of special footwork.

There was no indoor tennis at that time in 1951 Germany. However, Herr Gies was creative. He rented the ballroom of the Mülheim Hotel

Handelshof to give tennis lessons to his students. We practiced by hitting the ball against the wall.

Herr Gies and I were standing next to each other about 12 yards away from the wall and about 8 yards apart facing the wall. The12 yards distance from the wall is almost the same as the distance from the baseline to the net on an actual tennis court.

Herr Gies would hit the ball against the wall in such an angle, that the ball would come back either to my forehand or to my backhand. I would try to hit the ball back against the wall, so that it would get back to Herr Gies etc.

It was a great way to practice tennis in winter when there was no indoor tennis available. Herr Gies stood near me and could suggest improvements of my strokes. Also, the game was twice as fast as regular tennis, because the ball began flying back to us from the wall at a time when it otherwise would just cross the net.

Finally, this practice complemented my practice behind my house, where I was hitting against the wall between the garage and the pig stall. (See page 77)

Herr Gies also discovered that I was near-sighted and needed glasses. In 1950, during one of my first tennis lessons from Herr Gies, he wanted to show me the difference between a ball that was hit straight and a ball that was hit as a slice. The straight shot does not revolve/spin while flying through the air, and one can see the lines on the ball. The slice revolves/spins while flying through the air, and one cannot see the lines on the ball.

When Herr Gies discovered that I did not see any difference between a straight shot and a slice, he sent me to an eye doctor. I have worn glasses ever since that time.

Heinz Gies and HR at Age 15

Club Championship at Rot Weiß Club (Age 15): Arrogance and Falling to Pressure

In 1951, at age 15, I made it to the final in the Men's Club Championship. My opponent in the final was my good friend and mentor Herbert Vogt. As I mentioned earlier, Herr Vogt had taught me tennis in the previous year when I was a beginner. However, one year later, I was usually able to beat him.

In addition to the trophy, which would stay in the club with the names of winners engraved, there was also a first prize. In 1951, that prize was an artistic looking Chianti wine bottle which, of course, was made of glass. Since I did not have a driver's license at age 15, I would cover the four miles between my house and the Club on my bike. When I saw that the first prize was a wine bottle, I asked other members how I could get that bottle to my house with my bike without breaking it.

It is important to note that I had that conversation before the match; in other words, I was so sure that I would win, that I worried about how to get that bottle home.

The final was a special affair at Rot Weiß Club. There were three tennis courts without any fences dividing them. For the finals, the nets on the two outer courts were taken down. This allowed members to stand on chairs and benches several rows deep on both sides of the center court to watch the final match.

Spectators at final in Rot Weiß

Well, the punishment for my arrogance of discussing how to get the bottle home came quickly. I was so overwhelmed by the atmosphere of the final with the center court ambience that I got very nervous and could not play my normal tennis game. I lost to Herr Vogt in that final, even though I usually beat him easily. Another big lesson learned.

Meden Games: Extremely Competitive Inter-club Matches

At the beginning of each season, around April/May, there were organized matches for men between different Clubs. In the United States they may be called "interclub games". These games were called Meden Spiele or Meden interclub games. The name Meden was in memory of the first President of the German Tennis Association, Baron Carl August von der Meden.

These games were extremely competitive and were organized into different leagues and levels of play – one top federal league in which the best teams in Germany played, and below that second, third, fourth, etc. leagues for different geographical regions.

When one club played against another club, there were six singles and three doubles matches for a total of nine points. There could never be a draw.

The club ranked at the top of a league could challenge the bottom club of the next higher league. If the challenge was successful, the challenging club would be elevated to the higher league, and the club that lost the challenge would be relegated to the lower league.

My Rot Weiß Tennis Club, like all tennis clubs in Germany, took those games very seriously and played somewhere in the third or fourth league. In my second year of tennis (1951 when I was 15), I played on the Rot Weiß team. Those Meden games were my first truly competitive matches where I felt that it was really important to win.

In the same year, I began to play competitive matches in my own name in regional tournaments. Those were Junior Championships with a geographic focus as explained below.

German Junior Championships

The maximum age for playing in the German Junior Championships was 18. They were played in the following Geographic areas:

- **Ruhr District** consisted of the towns of Mülheim, Oberhausen, Essen, Duisburg and Dinslaken.

  In 1951, at age 15, Rot Weiß nominated me for the Ruhr District Junior Championships played in Essen-Bredeney. In that year I made it to the final in singles losing to Juergen Eckstein.

  In 1952, 1953 and 1954, age 16 – 18, I won these tournaments playing for my new club, MTV Kahlenberg Mülheim, making me the Ruhr District Junior Singles Champion in those three years.

Me with family after winning final in 1952
My mother second from left

From left: Uncle Heini, his fiancé Friedel, my mother, me, my father, and a friend after winning finale in 1952

- **State of Niederrhine (lower Rhine) District** consisted of the Ruhr district and three other nearby districts, including Düsseldorf, Kleve and Krefeld.

As Ruhr District champion, I participated in the **Niederrhine** Championships, which were always held in Krefeld near Düsseldorf. I have good memories of these events. In 1954, at age eighteen, I lost in the final of that tournament to Pit Baums.

- **German Republic,** including West Berlin, consisted of 16 German States, one of which was **Niederrhine**.

  The German Junior Championships were always held at the Rot Weiß Cologne Tennis Club. I participated in those German Junior Championships 1952-54 without ever making it to the final rounds in singles. However in 1953, playing doubles with my friend Juergen Stiepel from Düsseldorf, we advanced to the semifinals. I have a beautiful little silver plate from the German Tennis Association. The engraving says:

  Deutsche
  Jugendmeisterschaften 1953
  – Tennis –
  J.-D. III.

  This means: German Junior Championships in Tennis (Jungen Doppel) Boys Doubles, Third Place.

Trophy for 3rd place in German Junior Championships, doubles, 1953

This third place in the 1953 German Junior Championships is a very important trophy. It is odd that I achieved this in doubles, which I never really loved and did not play very much. However, my partner Juergen and I had a good draw, it was extremely hot in Cologne, and we simply outlasted the competition up to the semifinals.

Winning German National Team Championships (Ages 16 – 18)

The German National Junior Team Championships were completely separate and additional to the Singles Championships described above. They were called "Henner Henkel Spiele" or "Henner Henkel Games", played in memory of Heinrich Ernst Otto Henner Henkel, who was a top German tennis player during the 1930s. His biggest success was winning the Singles title at the 1937 French Open Championships (later called Roland Garros). Henner died in the Second World War in Russia. The Henner Henkel Games were first played in 1950 and have been played every year since that time.

My state, Niederrhine, was one of sixteen states in Germany and nominated a Niederrhine Junior team for these German team championships. The team consisted of six boys, who played six singles matches and three Doubles matches, for a total of nine points. There could never be a draw.

The format of this German Team Championship was as follows: The teams of all sixteen states met early in the season like April/May in one German city and played two knockout rounds, so that there were only the teams of four states left. Later in the season, like September/October, the teams of those remaining four states met in another city to play the semi-final and the final, which determined the German champion and runner up for that year.

In 1951, age 15, I was nominated to be part of the Niederrhine Team that played the semifinal and final in Berlin. We won the semifinal but lost the final, earning us the Silver Pin for that year.

I was not part of the Niederrhine Henner Henkel team in spring of 1951 because I had not "surfaced" yet. I had begun playing tennis only in the previous year, 1950, and in the spring of 1951, officials of the Niederrhine Tennis Association did not yet know me.

However, after I placed second in the 1951 Ruhr District Championship, Dr. Fritz Walter Schneider noticed me and put me on the team for the finals played in the fall in Berlin. Dr. Schneider was responsible for juniors in the Niederrhine Tennis Association and accompanied the team on all its travels.

> In 1952, 1953 and 1954 I was always part of the team, which won the German Junior Team Championship in each of those three years. As a result I own a total of four German Team Championship Pins: one in silver and three in gold. I believe this is an unmatched record. A boy not older than eighteen would have to be a member of a successful state's team for four years. (See letter of the German Tennis Association dated July 7, 1986[4])

We won those multiple German team championships because we had a good deep team. Just one outstanding player cannot win the championship alone; at best such a player can only win two points, i.e. his singles and doubles match. I was fortunate that in those years Niederrhine had a strong team of six boys, on which I usually played in the 4th or 5th position of the team.

The town Mülheim-Ruhr also recognized this performance. Following the third win in September, 1954, the Office for Youth Sport congratulated me in a letter dated October 2, 1954.[5] At the same time, I also received an honor plaque from the town of Mülheim for special performances.[6]

My backhand, 1953

Life-defining Decision:
Accepting Offer From Kahlenberg to Leave Rot Weiß

Dr. Kalmund was president of the Kahlenberg Tennis Club. He was about forty years old and legal counsel of a management consulting firm in Düsseldorf. He was a very ambitious gentleman. Specifically, his goal was to get the Meden tennis team of his club, Mülheim – Kahlenberg, to play in the highest German Meden league. In order to accomplish this, he needed at least six good tennis players for the Kahlenberg Meden team.

In addition to himself, he already had a few fairly good adult players: Walter and Karl-Heinz Werner (brothers), engineers at Mannesmann and Dr. Friedhelm Waechter, a medical Doctor. There was also a young Hanns Laffloer who was three years older than I was.

He needed two more good players. First, he hired Hans Marx as Secretary to run the finances and member relations for the club. Hans was also an outstanding tennis player who became an official member of the Kahlenberg Club and the top player on the Meden team.

Dr. Kalmund decided that he also wanted me as a player for the team. My various tennis activities and successes in 1951 had come to his attention. In early 1952, Dr. Kalmund invited me to join the Kahlenberg Club and, most importantly, to play in the Meden games for Kahlenberg.

In addition, the Kahlenberg Club would pay for me to take a weekly thirty-minute tennis lesson from Mr. Kurt Pohman, who was Germany's top tennis coach at that time. He trained the German Davis Cup team and other top German players. He was a senior person in the Niederrhine Tennis Association and had a say in which boys played on the Henner Henkel Team. His wife, Inge Pohman, was the reigning German Lady's Champion.

Dr. Kalmund had contracted with this expensive superstar to train members at Kahlenberg every week for one day, and I would get thirty minutes of Mr. Pohman's time and coaching free of charge.

Dr. Kalmund called me in early 1952, just weeks before I turned 16, and made his offer. The problem was that a person could play in the Meden games for only one club. Therefore, I had to decide whether to stay with Rot Weiß and forgo training with Germany's best trainer, or upset Rot Weiß, join Kahlenberg and play the Meden games for Kahlenberg.

In case you forgot, my father had been a co-founder of Rot Weiß, Uncle Otto was President and Rot Weiß-member Herbert Vogt had taught me the first basics of tennis.

My decision to play the Meden games for Kahlenberg upset and disappointed my friends at Rot Weiß. I continued to be a member by paying annual dues; however, I had no contacts at all with the people at Rot Weiß.

This was one of two major ‘career' decisions I made in my life. It was key to my journey from a baker to a banker. The other decision was in1960, when I decided to leave my first employer Hugo Stinnes Bank and join Citibank.

I strongly believe in loyalty, however, in those two situations I had to go through the door of opportunity when it opened. My inner voice told me that I had to take those steps, and that this was the right thing to do.

Uhlenhorst was the third Mülheim Tennis Club, and their members sided with Rot Weiß in this matter. This Uhlenhorst Club had young Fritz Mohr who competed with me in the Ruhr District Championships.
Even though I had been a finalist in 1951, officials demanded that I participate in the qualification process for the 1952 Ruhr District Championships. These qualification games were held at Uhlenhorst, and I had to play against Fritz Mohr, the local hero.

In addition, the Uhlenhorst people knew that I had deserted my friends at Rot Weiß, which further enticed them to support their own Fritz Mohr. I had no support at all. There was applause when I hit a ball into the net. I could not handle the situation and lost in straight sets. I finally qualified to play in the Ruhr District Championships by beating two other boys, but it was painful and not pretty.

Winning First Ruhr District Championship under Pressure

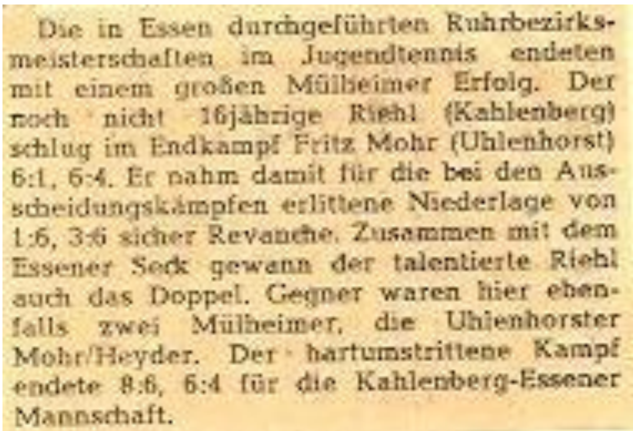
A couple of weeks later, the Ruhr District Championships were held on the tennis courts of ETUF Essen, a large club with about 20 courts. I made it to the final in which I had to play against Fritz Mohr again.

The match took place on the center court of this large club, and there were a couple of hundred people watching. This time Fritz could not handle the situation on neutral ground, and I beat him in straight sets, winning my first Ruhr District Championship at age 16.

All of this was covered and reported by the two local newspapers. The reporters were Fritz Brinkman, siding more with the Rot Weiß / Uhlenhorst crowd and Willi Rueter, siding more with my Kahlenberg crowd.

Riehl wurde Bezirksmeister

Die am Sonntag in Essen zum Austrag gelangten Ruhrbezirksmeisterschaften der Jugend-Tennisspieler konnten zu einem großen Mülheimer Erfolg gestaltet werden. Im Endkampf um den Titel im Jungen-Einzel standen der Kahlenberger Riehl und Fritz Mohr vom HTC Uhlenhorst. Riehl drehte diesmal den Spieß um und revanchierte sich für die wenige Tage vorher bezogene Niederlage durch einen 6:1, 6:4-Erfolg. Im Doppel spielte Riehl zusammen mit dem Essener Seck. Ihre Gegner im Endkampf waren F. Mohr und Heyder (Uhlenhorst). Das Kahlenberg-Essener Doppel gewann nach hartem Kampf 8:6, 6:4.



Die in Essen durchgeführten Ruhrbezirksmeisterschaften im Jugendtennis endeten mit einem großen Mülheimer Erfolg. Der noch nicht 16jährige Riehl (Kahlenberg) schlug im Endkampf Fritz Mohr (Uhlenhorst) 6:1, 6:4. Er nahm damit für die bei den Ausscheidungskämpfen erlittene Niederlage von 1:6, 3:6 sicher Revanche. Zusammen mit dem Essener Seck gewann der talentierte Riehl auch das Doppel. Gegner waren hier ebenfalls zwei Mülheimer, die Uhlenhorster Mohr/Heyder. Der hartumstrittene Kampf endete 8:6, 6:4 für die Kahlenberg-Essener Mannschaft.

My Life in 1952 – 1954 (Ages 16 – 18)

Helping in the Bakery and in My Mother's Store

I continued to get up around 4:00 in the morning to help my father baking rolls. After that, between 6:00 and 7:00, I distributed rolls to our customers with my bike come rain or shine, summer and winter, twelve months a year. This was postwar, blue collar Germany. I knew all my customers' orders. For example, Mrs. Schmitt, as I reported earlier, might get three rolls, two dark and one not so dark. After that I either went to school or played tennis, highly competitive tennis.

My Oberhausen Real Schule (high school) had been bombed and did not have a sufficient number of classrooms to accommodate all students in the morning. Therefore we took turns; one week we had classes in the morning and the next week we had classes in the afternoon.

Following the stumble at the end of my first year in high school, which my mother fixed by taking my beautiful leather soccer ball away, I never had problems in school. I always was among the top three students. Additionally, because I paid attention in school, I did not need a long time to complete my homework in a perfect manner.

Most of the people in our neighborhood were factory workers. They received their weekly wages on Friday afternoon. When the men came home, they gave the money to their wives who then came to our store to buy the groceries they needed.

As a result, my mother's store was always very busy on Friday afternoons and Saturdays. On those days I helped take care of customers. Remember that this was early 1950's Germany. Not many groceries were packaged. Things like butter, cheese, sausage, flour, sugar, etc. were loose and unpackaged.

My mother was a super sales person and also insisted that everything was done 100% perfect. Here are a few stories I remember:

Closing Paper Bags

When a customer wanted sugar, the sugar had to be taken out of a large box of sugar, put into a cone shaped paper bag and weighed to the customer's specifications, such as one pound. After that, the top of the paper bag had to be closed tightly, so that it would not open easily and create a mess in the customer's shopping bag.

My mother taught me how to close the top of that cone shaped bag, and tested the bag I had closed for the tightness of the closing. She would hold the bag at the bottom and put it upside down, shaking it a little, and convince herself that indeed the bag would not open. If it did open, I had to practice more until the bags that I closed passed her test.

Servicing Customers

I had to address each customer by name and ask what she wished to buy. The woman would tell me the respective items, and I would write down what she ordered. When the woman stopped after a few items and began to think about what else she might want, I was instructed not to immediately say, "Anything else?" Instead I had to say, "Mrs. Schmitt, let me get the items you have ordered."

My mother advised me that when I push the woman by immediately asking "anything else?" she might say "no", and that would be the end of her shopping. By telling the woman that I will get the items she had ordered, I gave her time to think and look around in the store. During that time she was likely to remember something else she needed or see items that she forgot to tell me. This strategy resulted in more sales.

Psychological Sales Promotion on Saturday Afternoons

One type of bread my mother sold in her store I can only translate as 'white bread' (Stuten). It tasted great on the day it was baked, but turned stone hard if not consumed the same day. Sometimes we had as many as 25 of these breads left on Saturday afternoon, and there was danger that the breads would not be sold that day. My mother instructed me to move all those breads out of the store and into the back room. Half an hour later, when there had been a complete turnover of customers in the store, my mother would call with a loud voice across the store to one of her assistants "Maria, did you reserve a white bread for Mrs. Schmitt?" Maria would respond and say, "No, let me see whether there are any left." This created instant demand for white bread among the customers in the store. The particular lady I was attending to might say "Heinz, do you think that you can find a white bread for me as well?" And I would say, "Let me see what I can do."

Getting Caught Stealing Money from My Parents: A Major Lesson in Honesty

Sometimes customers did not want to buy more groceries because they were too heavy for them to carry home. In such cases, my mother offered to have me deliver their orders to their homes on my bicycle.

I made these deliveries regularly to the house of our family Doctor, Dr. Delere. One time it happened that Mrs. Delere paid me for the groceries, but I did not deliver the money to my mother. Instead, I pocketed it to buy a new ball. A couple of weeks later my mother questioned Mrs. Delere about the unpaid bill. Of course Mrs. Delere told my mother that she had paid me. So I got caught stealing money from my parents' store.

> **After this incident I told myself not to steal money any more or otherwise gain material advantage in a dishonest way. I realized that one gets caught and it simply is not worth it.**

This was a very important lesson learned!! The following poem illustrates the value of honesty, which is so important in maintaining ones integrity (See the original German version of the poem in the appendix.[7]):

Poem: The Treasure Digger (Der Schatzgräber)
by: Johann Wolfgang von Goethe

Low in cash and sick in the heart
I passed (schlepped) my long days.
Poverty is the greatest pain,
To be rich is the greatest good!

And in order to end my pain
I went to dig for a treasure.
You may have my soul
I wrote with my own blood.

And so I drew many circles,
Put together wonderful flames,
Weed, and bone structures:
The conjuration (demonic demand) was completed.

And just as I had been taught
I began to dig for the old treasure;
The night was black and stormy.

And in the distance I saw a light,
and it approached like a star
back there from the most distant distance,
just as the bell rang midnight.

And there was no way to prepare:
Suddenly it became quite bright
from the shine of the full bowl
carried by a beautiful boy.

I saw magnificent blinking eyes
under a thick wreath of flowers;
Lid by the heavenly shine of the drink
the boy stepped into the circle.

And he politely asked me to drink.
And I thought: there is no way
that this nice boy with the beautifully lid gift
is the devil..

“Drink the courage of clean living!
Then you will understand this lesson.
And you will not return to this place
with fearful demonic demands.

Stop this useless digging.

Work during the day, enjoy friends in the evening!
Have tough weeks and joyful parties!

Let these be your guiding magic words in the future.”

Day-To-Day Living

My parents and I did not eat breakfast or lunch together during the week, and also usually not dinner. We had a maid who cooked and cleaned. She usually prepared dinner for me. In addition, I would eat whatever I wanted in the store, like cakes, sandwiches, cheese or sausage.

Sunday lunch was always a big deal. My mother made sure that the table was set properly on a white table cloth. The silver came out and, most importantly, there was always a candle lit on the table. I liked that a lot and have retained that candle tradition to this day. Obviously there was especially good food cooked on Sundays, which I had to eat with a knife and fork. I hated that and often said that I would prefer to have a less elegant meal but eat it the way I wanted; cut everything into small pieces, mix it up with the gravy and then eat it with a spoon. Of course my mother did not let me do that.

In the evening my parents would talk about things that happened in the business during that day; or my mother would tell stories from her childhood, involving her parents and her brother, Uncle Heini.

In school I never had a problem as reported before. After school I did my homework, delivered groceries on my bike, and after that went to the tennis courts. On a typical day during the week I played at least three hours of singles tennis, often even more. My famous coach Kurt Pohman pushed me to my limits. Weekends I often played 'friendly' tournaments for the Kahlenberg Club against other Clubs in the area, often as far as 40 miles away.

In each year of those three years, 1952 – 54, (age 16 to 18) I won the Singles Ruhr District Championship, and with the Niederrhine Henner Henkel Team the German Junior Team Championship.

For Dr. Kalmund, I helped to win the important Meden games, and his Kahlenberg Club indeed rose into the highest German Meden class.
Dr. Kalmund was happy!

When there was no tennis, I spent time with my cousin Renate Stratman, the daughter of my mother's sister, Trude. She often had parties at her house with mostly her girlfriends. I was the only boy, and about two years younger; but I played the piano and the girls would dance with each other.

Renate party

Dancing with mother at Java House near Düsseldorf, 1953

1953: Graduating From High School (Age 17)
What Now? Tennis President Dr. Kalmund Has the Answer

What now? It was clear that I would <u>not</u> become a baker. Through tennis, I had tasted a different life style and everything that came with it.

My friend Dr. Kalmund, President of Kahlenberg Tennis Club, was worried that I would move away from Mülheim and not play the Meden games for his club anymore. Our Meden team was successful and rose every year to the next level league. I told Dr. Kalmund that professionally I wanted to do something that involved numbers and talking. I did not want anything technical. Dr. Kalmund suggested that I attend the local *Höhere Handelsschule* (Higher Trade School) for one year. Attending trade school kept me in town, so that I could continue to play for his tennis team.

This school turned out to be pure gold for me. I learned commercial English, accounting, short hand, typing and other practical things. I had outstanding teachers who pointed out how much money we would make if we would graduate from this school with good grades. Mr. Schlemmer was one of the best teachers. He encouraged us to work hard. He would say, "Please practice until you sweat; pardon ladies, until you perspire."

1954: Graduating from Higher Trade School (Age 18)
What Now? Dr. Kalmund Recommends Banking Apprenticeship

What now? Dr. Kalmund continued to worry that I might move away from Mülheim and stop playing for his club. This was the year in which we had the chance to rise to the top league, which was Dr. Kalmund's goal. He was fanatic about this.

On the day before the matches, he would have us for coffee and cake at his house, pepping us up for the games. His bottom line was always: "There are only two ways you can leave the tennis court, either as a winner or they carry you away." (I have to say that in spite of his age and the long white pants, he usually won his matches.) And we succeeded; we made it to the highest Meden league in Germany.

Vincent T. Lombardi (1913 – 1970) was a famous American football coach who won five NFL Championships, including Super Bowls I and II, during his tenure with the Green Bay Packers. He had a notorious reputation for his winning attitude. You can read his philosophy about being 'Number One' in the appendix. 7a

Sie haben gut lachen

Dies ist die erste Herrenmannschaft des „MTV Kahlenberg", die am Sonntag Ruhrgaumeister wurde und damit in die höchste Medenklasse aufsteigt. Von links nach rechts: Werner, Roßhoff, Marks, Laftlöhr, Dr. Kalmund, Dr. Wächter und Riehl. Auf dem Bilde fehlt Heierhoff!

Victorious 1954 Kahlenberg Meden team
Dr. Kalmund dressed in a suit, HR at right

Young HR with suit and tie, probably age 18

Getting a driver's license was a big thing for everyone because it facilitated mobility. Whenever I drove with my father or with uncle Heini sitting in the passenger seat, I imagined that I was driving. This was true for the entire process: speed, moving to the right or left of the road in anticipation of turning either right or left, the whole thing. I executed it in my mind before the actual driver was doing it. That way I 'knew' how to drive way ahead of actually going to driving school. I also actually drove father's Volkswagen behind the bakery in the backyard and maneuvered it into the garage and out of it again.

All I needed was the theoretical part of driving and the rules of the road. I attended driving school regularly for about two months and took only one thirty-minute driving lesson just to be familiar with the car in which I would take the final road test.

On May 11, 1954, I turned 18 years old. The first road test after that date was May 22, and I made sure that I was scheduled to take the test on that day. Of course I passed, and I got my license.

Führerschein

Herr ~~Frau~~ ~~Fräulein~~ Heinz Riehl

geb. am 11. Mai 1936

in Oberhausen

wohnhaft in Mülheim-Ruhr

Landgrafen Straße Nr. 37

erhält die Erlaubnis, nach Ablegung der Prüfung*) ein Kraftfahrzeug mit Antrieb durch

Verbrennungsmaschine

der Klasse drei zu führen,

Mülheim-Ruhr, den 22. Mai 1954

(Stempel) Der Oberstadtdirektor – Straßenverkehrsamt

(Unterschrift der Ausstellungsbehörde)

I.A.

Liste Nr. 278/54

Cover of German Driver's License 1954

Inside of first driver's license

In 1955, I developed a 'pen pal' in Darlington, North England near Newcastle. As the name pen pal suggests, we wrote letters in English to each other. This correspondence and relationship resulted in exchange visits of three weeks. I went to England for three weeks during which time his family took me on a trip to Edinburg in Scotland. At that time I drove a car for the first time on the left side of the road. Later my pen friend came to stay at my house in Styrum for three weeks. The relationship did not lead to much, but I was able to improve whatever English I had learned at school. By age 19, at the end of this pen pal relationship, I was pretty fluent in English.

Later that same year, I was selected to join the town of Mülheim tennis team and play in Denmark against the town team of Copenhagen. This was a one-week trip that gave me an opportunity to further improve my English.

Mülheim team that went to Copenhagen

So, back to the question of what I was going to do with my life now that I was 18 years old and finished with my schooling. This was a most important moment in my life, as it is in everybody's life. I did not know what to do next.

> I want to highlight this very important moment. Once again, tennis provided the answer. I do not know what would have happened without my involvement in tennis and the people and connections I developed through tennis.

Dr. Kalmund recommended that I do a banking apprenticeship. This was not technical, I could use numbers, and it involved talking. He explained that an apprenticeship in banking did not mean that I would have to become a banker. Every business had a finance department, and they all had a use for trained bankers. That made sense to me, and I agreed. Dr. Kalmund did not fool around; he provided an introduction to the local branch of Commerzbank, one of the three big banks in Germany.

I wish to highlight here the beauty and importance of the German apprenticeship system. Once a young person decides what type of work he/she wants to do, a career can be started in the form of an apprenticeship that usually takes three years. This means that one not only work, but also *actually learns something useful that can be the basis for a happy future life*. In the appendix is a description of the German dual education system as lifted from my web page. [8]

My Early Banking Career (1954 – 1959)

Commerzbank Branch in My Home Town, Mülheim

In early January, 1954, I put on by best suit and went to my appointment with the branch of Commerzbank in Mülheim. Direktor Wetzel interviewed me and reviewed my papers and report cards from schools. Then he told me that I would hear from them.

A couple of weeks later I received a letter from Direktor Wetzel advising that I had been accepted as an apprentice for the usual three-year period. An apprentice agreement was attached which I had to fill in, sign and return.

The process was not complete yet. I had to undergo a medical examination by a Commerzbank-appointed medical Doctor and, assuming that this examination did not uncover any problems, I was hired.

Another couple of weeks later I got the final confirmation that Commerzbank had hired me as an apprentice. I was happy and my parents were very proud. (See letter from Commerzbank, confirming that I was hired.) [9]

Horst Jaegeler:
Handball Star and My Foreign Exchange Teacher

RSV Mülheim was a very successful Handball Club. Lead by Herman Will and Heinz Menkhoff, they had won the German Handball championship several times over their main competitors Polizei Hamburg with Atom Otto Myczack and HC Winterbeck Kiel with Hein Dahlinger.

Handball is played on a soccer field and resembles soccer except (surprise, surprise) the ball must be thrown, not kicked, into the goal. At that time handball and field hockey reigned together as the second most popular sports in Germany behind all overshadowing soccer. Today handball is still quite popular in Europe, but it is mostly played indoors.

The coach of RSV Mülheim was Paul Kosmalla who was at that time a god-like celebrity in Mülheim and in all of Germany. Like all coaches then and now, Kosmalla was always on the lookout for fresh young talent and other good players to strengthen his RSV team.

He had identified Horst Jaegeler, a young outstanding handball player in the East German town of Magdeburg and convinced him to move to Mülheim to play handball for RSV. This was in the early 1950s before the Berlin Wall was built so there was no problem moving from the East to the West of Germany.

Paul Kosmalla was friendly with Dr. Karl Haas, the powerful and charismatic executive of the local Hugo Stinnes Bank. Dr. Haas provided a job for Jaegeler in his Bank. That was part of the agreement to attract Jaegeler to come from Magdeburg to Mülheim, and that was how Jaegeler got paid.

Apprenticeship in Banking at Hugo Stinnes Bank

Soon after I contracted to join Commerzbank, my father proudly shared the good news with his baker friends in Mülheim. One of those friends was Uli Fassbender, who owned a big bakery right in the center of Mülheim. Instead of sharing my father's joy about the fact that I got an apprentice job with prestigious Commerzbank, he was unenthusiastic about it. "That is an old fashioned, dusty Bank", he said, "Somebody has to die or retire before anybody gets promoted there."

Uli Fassbender went on to talk about his friend Dr. Haas from the Hugo Stinnes Bank. "They are a small but modern Bank and make money like hay!" he exclaimed.

Fassbender went on to set up a dinner at his house to which Dr. Haas with his wife and my parents were invited. The plan was to entice Dr. Haas to hire me as an apprentice at the Hugo Stinnes Bank.

On the evening of the dinner, I sat at home in Styrum waiting for a phone call requesting me to come to the Fassbender house and meet with Dr. Haas. When the phone rang I took the tram for the fifteen minute ride into the center of town. I was not yet 18 and did not have my driver's license. My parents had taken the car into town to the Fassbender's anyway.

My parents, about 1954

By the time I arrived at the Fassbender house it was already after dinner. Dr. Haas, who was about 40 years old, had consumed a few glasses of wine and was in a jovial mood.

Dr. Haas with staff, about 1957

After a while he took me aside and interviewed me for a few minutes. When we rejoined the group, Dr. Haas told my parents, "I feel sorry for your son. He has been trained like a machine. He gave me perfect and enthusiastic answers to whatever question I asked him." Then, turning to me, he said "Come to my office April 1. You are hired." And that was it. The evening proceeded and ended in a most pleasant way and we went home.

We used Dr. Kalmund's influence to cancel the agreement that I had already signed with Commerzbank and waited for some confirming communication from Dr. Haas. It was now already the end of February, weeks after that evening at the Fassbender house. We worried. What if Dr. Haas was already slightly drunk and had forgotten that he hired me? Finally my father got his friend Uli Fassbender to follow up with Dr. Haas. "I told him that he was hired and should come to my office April 1. Was that not clear enough?" was the reply. So that was that. What a difference in the hiring process between Commerzbank and Hugo Stinnes Bank.

> I want to summarize how I got the job as an apprentice at Hugo Stinnes Bank. Without my performance in tennis, Kahlenberg Club President Dr. Kalmund would never have known me. He gave me the idea to become a banker and introduced me to Commerzbank, which otherwise would never have talked to me, would not even have known me. My father's baker friend Uli Fassbender led to the contact with Dr. Haas of Hugo Stinnes Bank whom I impressed with solid knowledge about what I had learned at the higher trade school.

Thursday, April 1, 1954, was my first day at Hugo Stinnes Bank. I had put on my best outfit, a light-grey blazer and royal blue trousers. I was tall and sun tanned and looked like a star, which I actually was on the tennis courts.

When my mother saw me, she made me change into an older suit that I had actually outgrown a bit. She said, "It could be that your first boss is a little man who does not look that good. When he sees you in that super outfit he will immediately have negative feelings about you." And mother was right again. My first boss, Dr. Helfer, was indeed a little unimpressive guy, but he turned out to be quite nice to me.

My first job was in the payment division where I had to pay bills that our customers sent to us. I did that for about three months and then something very special happened.

Joining the Foreign Exchange Department at Hugo Stinnes Bank (August 1954, Age 18)

Handball star Horst Jaegeler had joined Stinnes Bank a couple of years earlier. His designated job was to buy foreign currencies that Dr. Haas and other executives needed when they traveled outside of Germany to destinations like Brussels, Amsterdam, or Paris. They needed Belgian francs, Dutch guilders and French francs to pay their bills with cash while traveling because the credit card had not yet been invented and the Euro was not yet the common currency for all of Europe.

At Stinnes they called this *Foreign Exchange* trading. The actual professional term for this activity is trading *Foreign Money*, which involves trading the actual physical paper bills of the various currencies.

Jaegeler not only was a good handball player but he also had a Masters of Business degree and was quite smart. A few months after he had been hired into Stinnes Bank, he began to trade <u>real</u> Foreign Exchange. The amounts in that business were much larger, and the various foreign currency amounts bought and sold were received and paid as telegraphic transfers for value two business days after the trade was done.

Nobody had asked Jaegeler to do this business. He just did it and nobody asked any questions. He was what one calls a *self-starter*, someone who sees an opportunity and just goes ahead and does it.

Horst Jaegeler, about 1956

The story of Horst Jaegeler is another example of how excellence in a sport can open doors of opportunity, which other people often refer to as 'luck'. Yes, Horst Jaegeler was lucky that the sport of handball brought him to West Germany, Mülheim, and the Hugo Stinnes Bank. However, it was his ingenuity, creativity, and drive for excellence combined with hard work that allowed him to progress from the almost clerical job of buying foreign bank notes for the executives at Stinnes to becoming one of the most highly paid professional foreign exchange traders in Germany and Europe.

Jaegeler's foreign exchange business was pure speculation. He just followed his intelligence and instincts, buying low and selling high. Every day he bought and sold the same amounts and currencies so that he was always square, i.e. without a risk position in the evening when he went home. In this way he never tied up any marks; in other words, this business did not require any actual cash, even though his daily turnover was many millions. That is how he made a ton of money, "money like hay" as Uli Fassbender said.

It is important to me that readers understand in principal the preceding paragraph. To facilitate that understanding I came up with an analogy in which apples play the role of foreign currencies.

At 5:00 a.m. a woman drives to the Central Wholesale Produce Market and buys 100 pounds of apples at $ 2.00 per pound for a total of $ 200. Because she is friendly with the wholesaler and he trusts her, he permits her to bring him the $ 200 later in the afternoon.

After she purchases the apples, the woman drives to town where market day is opening at 6:30 a.m. The woman sells all her 100 Pounds of apples to her customers for $ 3.00 per pound or a total of $ 300. As a result, she no longer has a 'risk position' in apples. She has sold exactly as many apples as she bought from the wholesaler in the morning. Traders say in professional language that her position is 'square'. However, the dollar equivalents of her apple purchases and sales are not the same. She is not square in dollars. The difference of $ 1.00 per pound or a total of $ 100 is her profit after she pays the wholesaler $ 200. The important point is that she traded in apples, made a profit of $ 100 and did not use any of her own cash.

Jaegeler's business was done on the phone. The trading partners were banks all over Europe. The business was fast and conducted in foreign languages, mostly English and some French. It also involved many numbers.

Jaegeler's only assistant was Herr Schleicher, who got seriously sick in August. Jaegeler needed a new assistant for his Foreign Exchange business, which at the time (and to this day) was rather exotic and little understood.

During my three months in Stinnes Bank I had made enough of an impression that Dr. Helfer (the little man who was my first boss) selected me to be Jaegeler's assistant.

Voila! I had joined the Foreign Exchange Department!!

Working for Jaegeler in the Stinnes Foreign Exchange Room

All foreign exchange trades had to be confirmed in writing. I typed up our confirmation which had to be signed by Jaegeler and mailed to the bank with which we had done the trade. That bank also sent a confirmation to us. I had to compare their incoming confirmation with a copy of our outgoing confirmation to make sure that all details of the trade were the same.

For all currencies sold I had to prepare payment orders. These orders were sent to the bank where we had the money (correspondent bank), asking them to debit our account and pay the money to the bank to which we had sold that amount of currency.

Stinnes was a very small bank and really did not have that much money. In a bank, money is particularly needed over the end of the month. Occasionally it happened that we had to pay an amount of money on the last day of the month, but we did not have it. In these situations Jaegeler would simply not sign the payment order. When I reminded him that we had to pay, he would simply say that we will pay one day later, after the end of the month. When the bank that should have received the money called and complained, I had to say, "Sorry, we forgot. Please charge us one day interest for the late payment." This was a very bad practice, but I was only 18 and thought if superstar Jaegeler says so it is probably okay.

Speculative Foreign Exchange (FX) Trading at Stinnes

Jaegeler also entered into forward FX contracts. This is an agreement in which two counterparties agree to exchange two currencies (buy one and sell the other one) for a forward delivery date one or three months in the future.

At that time, in1954, European currencies were traded against each other, but their *spot* FX rate (that is, for delivery two business days later) could not rise or fall beyond intervention points established by the European Central Banks, as per the international Bretton Woods Agreement. (See page 288) In the case of the pound/DM rate, this fluctuation range for the *spot FX rate* was approximately between DM 11.75 and 11.77 per pound. However, the *forward* FX rate could be traded outside this range. The British pound was a weak currency and expected to decline in value. The pound interest rate was much higher than the interest rate for the DM. As a result the 3-month forward FX rate for the pound/DM might have been DM 11.72 or 0.03 below the lower intervention spot rate of DM 11.75.

In such a situation Jaegeler's trading strategy was to buy pounds for delivery three months forward at DM 11.72. In three months, he could sell the pounds in the spot market at the minimum rate of DM 11.75.

Of course the risk was that during those three months the pound would devalue, or the DM would revalue, resulting in a much lower spot FX rate for the pound, such as possibly DM 10.50. Jaegeler did not worry about those things, or he might not even have understood that at the time. I certainly did not.

Jaegeler Vacations Leaving Me in Charge (Still Age 18)

A couple of months after I had joined Jaegeler's FX department, he went on vacation for two weeks and left me running the show. Jaegeler reported to Dr. Haas, so in his absence I reported directly to Dr. Haas.

During that time I looked at our forward FX positions and just for fun asked other banks at what prices we might be able to liquidate those positions.

For example if we had bought 3-month forward pounds two months ago at DM 11.72, the maturity of those pounds was now only one month away.

In such a case, I might have been able to sell/liquidate that position at DM 11.74 for a DM 0.02 per Pound profit or DM 2,000 on a 100,000 pound position. Remember this was 1954 when DM 2,000 was probably equivalent to US$ 50,000 today.

I brought these forward positions, including the size of the unrealized profits, to the attention of Dr. Haas. As it turned out, he had no idea that those positions existed. He asked me to sell out those positions and realize the profits. More hay!!

Losing Control and Creating Chaos

The day-to-day operations of the FX department required more than just selling out already existing forward positions. I did not have the ability to run the FX room and lost complete control over what was going on. The day came when Dr. Haas called me to his office and questioned me about what was happening in my FX room. He sat behind his desk, a table without any drawers, just the table and four legs. I stood in front of that desk. He asked me many questions, and I could not answer any of them. It was a very hot day, and I was understandably nervous. Dr. Haas began to lift the table a little and banged it down on the floor in rhythm with each word of his question to me "You must be able to tell me what you did!" I fainted. When I woke up again, I sat in Dr. Haas' chair behind the desk and Dr. Haas was standing in front of me.

In the end Dr. Haas said that the disaster was his fault, because he should not have put a greenhorn like me in charge of the FX room. And I think he was right. For me the whole thing was still a great learning experience.

Lessons Learned at an Early Age (Importance of Mental Arithmetic / Numeracy and Precise Language)

At this point in my life, I realized some important concepts. One is that a good education is the foundation of a good life. It is absolutely important to be outstanding in school. I did not have much of a scholastic/academic education, but whatever was offered to me I absorbed nearly 100%.

There are two things which helped me enormously:

- Mental arithmetic, i.e. multiplying numbers between 1 and 19 in my head at lightning speed. So many other calculations are based on that. This ability, combined with a good memory, can be applied to very many practical life situations.
- Logical thinking and the ability to express logical thoughts clearly the way they are generated in my head.

A precondition for the ability to express oneself clearly is to first exactly understand whatever point or issue one is discussing.

I often do not quite understand what people are saying. When I follow up with a question, it often turns out that they themselves do not really clearly understand the issue they are discussing. No wonder then that they were not able to express the point clearly.

I found that this habit of asking clarifying questions is not helpful in social settings where people do not wish to be put on the spot. However, I found this practice to be very helpful in business, where insisting on clarification and precise understanding has helped me to come up with many new and creative thoughts and practices.

I remember that when my mother talked about unlikely things that had happened and how my mother was disadvantaged versus her brother that I said:

They could not have done that to me.

Often I thought that people did not really understand what was happening to them, and failed to ask questions. They only saw that they got the poorer end of the bargain and did not understand why or how to remedy the situation. This was the beginning of my style: to understand a situation precisely and then insist that the proper action is taken.

I continued my apprenticeship at Stinnes Bank, which included one day per week of schooling at the local Trade School. There I learned the theory behind the practices I learned on the job. This is part of the famous *German Dual Education System*. After about four months in Jaegeler's FX room, the bank circulated me through other departments, as called for by the apprenticeship agreement. I learned the nuts and bolts of banking, including accounting, balance sheet management, securities, letters of credit, collections, mortgages, etc.

In each of those departments I got to know different people, some of whom became friends. I remember in particular Mrs. Marga Busch, who was in charge of letters of credits and collections. She was about seven years older, and I learned many things from her and her husband.

HR and Marga Busch

I returned to the FX Department early in 1956. Jaegeler had returned to Magedeburg in East Germany. The department had grown and Heinz Zoeller was in charge. His assistant was Wolgang Kock, nicknamed 'Kocky'.

Tennis was still important, but it began to occupy a slightly lesser place in my life. I won the Kahlenberg Club Singles Championship a couple of times and helped to put the Meden team into the highest class.

However, star coach Pohman left Kahlenberg and Dr. Kalmund was aging and could not play much singles anymore. The Kahlenberg Meden team could not survive in the highest Meden class against the much stronger clubs playing there.

Most importantly, I turned 19 years old and lost my junior status in tennis. I was no longer eligible for junior tournaments, including the Henner Henkel team, with which I won three German team championships.

I reactivated my contacts in Rot Weiß Tennis Club in Styrum. They forgave me, and I played tennis in both clubs, Kahlenberg and Rot Weiß, including the Meden games again for Rot Weiß.

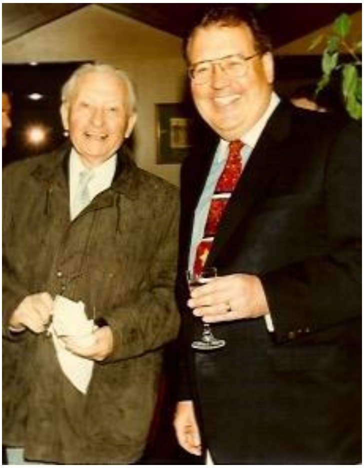
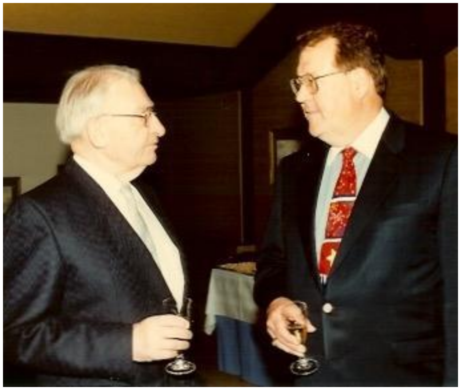
In February 1956, my father died of cancer. He was sick for only a brief period of time. The cancer was so advanced that doctors could not save him. My mother, age 48 at the time, grieved over the loss of the love of her life. She wrote on the tomb stone “Ich hatt’ einen Kameraden, einen besseren findst Du nicht!” (I had a comrade; you cannot find a better one.)

My father and me in 1953

My father Wilhelm Riehl at age 51 in 1953

My father's assistant ran the bakery for several months. Finally my mother rented both the bakery and the store to Mr. and Mrs. Haeckel. This was the first time in my mother's life that she did not have any business responsibilities. She was free to do whatever she wanted to.

After my father's death, Dr. Haas at Stinnes consoled me. "Anything you would have discussed with your father you may discuss with me", he said.

Dr. Haas and HR 1996

Certified Banker in 1956: Passed Exam with Excellence

At the conclusion of the banking apprenticeship there were formal written and oral examinations. I had already completed the written examination. For the oral test, there were about twenty apprentices to be examined by the Director of the Trade School that I had attended one day per week during the apprenticeship. There also was an examination board consisting of five senior people from various banks in the region.

The Director explained the format of the examination. He would state a topic and we, the candidates, could raise our hand if we wanted to talk for ten minutes about that particular topic. He would mention all topics and once all candidates had selected a topic the presentations would begin.

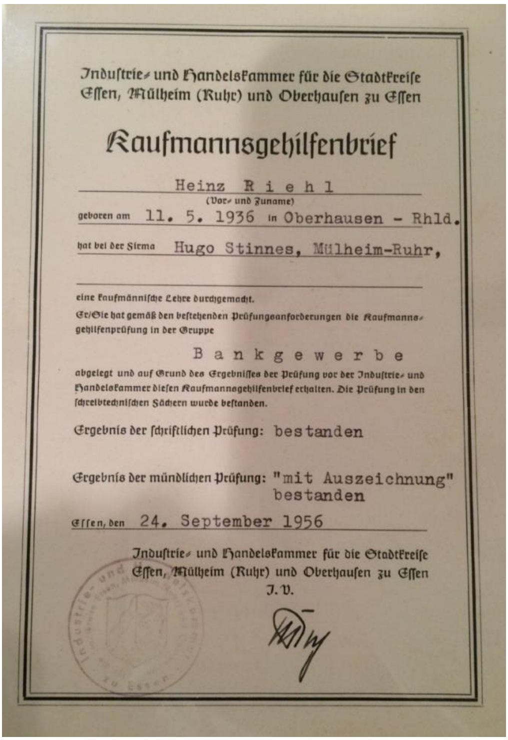
The first topic offered by the Director was *Mortgages and Liens on Real Estate*. I was familiar with that topic and raised my hand. I thought, “Who knows what other exotic topics might come up, so I will take this one.”

After a few more topics had been assigned, the Director mentioned the topic *Foreign Exchange Markets*. Of course, I would have loved to talk about that, but I already had my topic and could not change it. An apprentice from a Savings Bank got the topic about FX markets.

Then something surprising happened. The five bankers representing the examination board had been sitting there sipping coffee and saying nothing. However, now one of them, Dr. Dertmann from National Bank in Essen, said, “I propose that we switch topics. The candidate from the Savings Bank might prefer to talk about Mortgages on Real Estate and Mr. Riehl from the more international Stinnes Bank might want to talk about Foreign Exchange.”

The Director in charge of the examinations was glad that any member of the examination board had said anything at all and immediately agreed with that proposal. Obviously I liked it a lot. When all topics had been assigned, I volunteered to go first to talk about Foreign Exchange. At that time, I was already a foreign exchange trader and dazzled the examiners with my presentation, which probably went way over their heads.

I passed the examination with honors. Below is the formal certificate of which I am very proud.


Industrie- und Handelskammer für die Stadtkreise
Essen, Mülheim (Ruhr) und Oberhausen zu Essen

Kaufmannsgehilfenbrief

Heinz Riehl
(Vor- und Zuname)

geboren am 11. 5. 1936 in Oberhausen - Rhld.

hat bei der Firma Hugo Stinnes, Mülheim-Ruhr,

eine kaufmännische Lehre durchgemacht.
Er/Sie hat gemäß den bestehenden Prüfungsanforderungen die Kaufmannsgehilfenprüfung in der Gruppe

Bankgewerbe

abgelegt und auf Grund des Ergebnisses der Prüfung vor der Industrie- und Handelskammer diesen Kaufmannsgehilfenbrief erhalten. Die Prüfung in den schreibtechnischen Fächern wurde bestanden.

Ergebnis der schriftlichen Prüfung: bestanden

Ergebnis der mündlichen Prüfung: "mit Auszeichnung" bestanden

Essen, den 24. September 1956

Industrie- und Handelskammer für die Stadtkreise
Essen, Mülheim (Ruhr) und Oberhausen zu Essen
I. V.

Dr. Haas was also pleased. As an apprentice I had been paid what was called 'education support' (Erziehungsbeihilfe) of 25 marks per month (equivalent of six dollars). Dr. Haas knew that I was a recognized FX trader known in the European market. Therefore, he established my first salary as a Certified Banker at 400 marks per month. At the time, an entire family could live on that kind of money. I was twenty years old.

Foreign Exchange Trading at Stinnes Bank – Possibly Best in the World

When I returned to the FX trading room in early 1956, I noticed that it had changed dramatically since the Jaegeler days in 1954. The entire FX market had grown and trading at Stinnes had become very sophisticated. In fact, the Stinnes traders including me were viewed as leaders in Europe. This reputation resulted from our trading skill and also because the name Hugo Stinnes was viewed as first class in the world.

Mr. Hugo Stinnes had amassed a tremendous industrial empire at the beginning of the 1900s. He did all of this with borrowed money. In the early 1920s, there was enormous inflation in Germany. On November 16, 1923, there was a big devaluation of the Reichs mark when twelve zeros were cut from prices to create the new Renten Mark.

However, before this big devaluation, Mr. Hugo Stinnes paid back all of his debt with what had become worthless Reichs marks. As a result, he owned his industrial empire free and clear of all debt and had become one of the wealthiest people in Germany.

At the end of the Second World War, in 1945, the Allies (Americans, English and French) expropriated most of that empire. Mr. Hugo Stinnes junior, his brother Otto Stinnes, and their mother Claire Hugo Stinnes Wagenknecht, had a little money left with which they founded the Hugo Stinnes oH (offene Handelsgesellschaft), a private trading company. The finance department of that company obtained a banking license and called itself 'Hugo Stinnes Bank.'

It is obvious that the entire company, and certainly the Hugo Sinnes Bank, were extremely undercapitalized. However, the world did not understand all of that in the early 1950s after the war. They only heard the name 'Hugo Stinnes' and remembered the pre-war glory of that name. They did not worry about what is known today as *counterparty credit risk* when they traded with us.

The fact that at the time we were probably the smartest and fastest FX traders further supported that wonderful image. The biggest banks in Europe did not worry about our creditworthiness and happily traded with us.

One reason why we FX traders at Stinnes had to be so smart was that we did not have any customer business. Other banks had customers who, for example, would import wine from France and had to pay for that wine in French francs. Those importers sold the wine in Germany for marks and had to convert those marks into French francs to pay for the imported wine. They did this conversion of marks into French franks with a German bank, which would charge a profit-spread or commission for that transaction.

We did not have any such customers. We simply speculated in the market, buying and selling based on our gut feeling and our interpretation of how the economic and political news might impact FX rates. We said of ourselves that we were like 'tigers in the jungle'. Every morning we knew that we would eat, but we did not know *what* we would eat.

All international telephone calls from Germany to London, Paris, Zürich, etc. had to go through an operator (Fräulein vom Amt). The alternative was the Telex machine, which was something like a two-way typewriter. We did not have electric calculators yet. Instead we had a mechanical machine called FACIT. It had a pin-wheel mechanism with key setting that could multiply a 10-digit number by an 8-digit number and give a 13-digit answer.

FACIT manual calculator used in late 1950's

We were also one of the very few banks in Europe/the world that understood the relationship between interest rate differentials and the premiums and discounts in the forward FX market. This knowledge combined with our speed, enthusiasm and hunger for profit made us at the time quite possibly, from a technical viewpoint, the best foreign exchange traders in the world.

New Year's Eve 1956: Meeting First Wife Karin Boes (age 20)

I celebrated New Year's Eve 1956 with a group of friends from Stinnes at the Mülheim Stadthalle under the management of Paul Noy, which was the number one place to go at the time.

December 31, 1956

We had already welcomed the New Year and the time was about half hour after midnight. I ran into a young lady and asked her to dance. It was Karin Boes. It turned out that she was a member of Kahlenberg Tennis Club and knew me because I was the club champion at that time.

We hit it off well and started dating. Karin worked in the office of her father's Volkswagen dealership and repair shop. Auto Boes was a highly respected name in Mülheim and beyond. I met Karin's parents and she came to Styrum and met my mother. It began to be a well-rounded good relationship. As I had reactivated my relationship with Rot Weiß Tennis Club, I introduced Karin also to that Club. We both played tennis in both clubs. Karin also attended the parties given by my cousin Renate.

Karin went with my mother and me to annual meetings of the shareholders of major corporations. Through Herbert Vogt at Dresdner Bank (my initial tennis mentor) we bought so-called "Fress Aktien", a small amount of shares in these corporations, which entitled us to attend. The management of those corporations dished out unbelievably good food and wines to keep the shareholders happy and distract them from what was going on in the company. My mother often met interesting gentlemen at those events and we all had a good time.

I frequently dined out with Karin and her parents. I remember New Year's Eves 1957, 1958, and 1959 spent at Paul Noy's new hotel and restaurant in the center of Mülheim. Karin's father Herman Boes and Paul Noy had been classmates in school so that we always got extra good service in Paul's restaurants. At midnight on New Year's Eves there came an actual Chimney Sweeper with a living suckling pig on his arm into the restaurant as a good luck charm for everyone. Photos were taken and a good time was had by all.

New Year's eve at Hotel Noy with Karin

Training in Paris for Two Months with Credit Lyonnais 1958

Dr. Haas decided that the Stinnes FX trading room needed some international training. Therefore, he arranged for me to spend two months, from mid-March to mid-May, 1958 in Paris as a 'stagiaire' or trainee with Credit Lyonnais, which at the time was the largest bank in France.

The time was carefully chosen. The training was to end in mid-May. My birthday is May 11, Karin's birthday is May 14, and Karin and I had decided to get engaged May 15 in Paris. My mother, Karin's parents, as well as Dr. Haas and his wife were to come to Paris and celebrate with us. The wedding was planned for the following year in April, 1959.

Dr. Haas knew how to party. The engagement party ended with a visit to the famous Paris night club Crazy Horse on the Champs-Élysée, featuring the famous Kessler Twins, who were actually German girls.

Wedding photo with Karin, 1959
Right to left: My Mother with second husband Dr. Gerd Moeller, Karen and me, Pastor Falkenroth, Karin's parents, Herman and Freya Boes, and Karin's grandfather

Credit Lyonnais was located in the heart of Paris on Boulevard des Italiens between Place de l'Opera and the Opera Comique. Stinnes had booked me into a tiny hotel called Hotel de l'Opera Comique, at 4 Rue d'Amboise just around the corner from the Bank.

Stinnes paid for the hotel, including breakfast. In addition, they gave me the equivalent of ten dollars per day. Immediately I made breakfast my main meal of the day. The rest of the money I spent at so-called *bars* to invite someone for a *demi*, a small beer so they had to talk to me in French.

Learning to Speak French

At the bank, nobody spoke English or German. I was asked to sit next to the lady operating the Telex, Mademoiselle Daniele. She was not very busy and had lots of time to talk to me. I spent the morning in school learning French at the Alliance Francaise. There were about 25 students from some ten different countries. Nothing was translated. Students simply had to somehow learn and absorb 'par pore' which means 'through the skin'.

At midday I would go to the Bourse, the Paris Exchange, where the principle traders of all Paris banks met to trade face to face. They were standing around la corbeille (the basket) and yelling FX rates at each other. In US futures trading, this is known as the 'open outcry system'. They closed transactions by saying either "je prends", which means I buy, or "j'ai", which means I sell. Behind the corbeille, each bank had a phone booth staffed with a more junior trader who kept them connected to the outside world. (Reference from page 262)

For the first two weeks I basically could not say anything in French. When I wanted to say a sentence with six words to Mademoiselle Daniele I had to look up half the words in the dictionary. Then, after about two weeks, I woke up one morning and I was able to speak French. Of course it was the most basic French you can imagine, but I was able to communicate.

Once I could speak a little, my ability quickly expanded. That was the time when I began to drink beer with perfect strangers to practice my French. It worked like this: there are many outdoor bars, including the famous Café de la Paix around the Place de l'Opera. When I saw a man sitting alone at the counter I would just sit next to him, strike up a conversation, and offer to buy a beer for him. Almost all the time he would accept, and then he had to talk to me. After another week or two I could communicate about basically any subject – of course with limited vocabulary and terrible grammar. But it worked and my French got better every day.

The people at the bank and at the Bourse were surprisingly friendly. After all, this was only thirteen years after the terrible Hitler war had ended. There must have been many whose friends or family had suffered or were killed by Nazi Germans. One French trader at the Bourse always called me "Rittmeister von Arschloch", which translates into "Riding Master of Asshole". Everybody including me laughed about it, and there were no bad feelings.

Through the daily Bourse, I got to know all the important FX traders in Paris without spending any money on lunches or dinners. Some of them invited me to dinner and we became friends. At a time when most trading was done on the phone, those personal contacts, relationships, and friendships were extremely important and valuable.

There were a few traders with whom I developed a particularly close relationship. One of them was Mr. Spoerri from the Paris branch of Turkish Banque Ottomane. He had grown up in Alsace and also spoke German. I spent a lot of time with him in the evening, walking through Paris and speaking French almost all the time. He was very helpful because I could ask him to translate special technical terms for me. For example, I learned from him the French version of 'for accounting technical reasons' which is in French 'pour des raison technique de la comptabilisation' or in German 'aus buchungstechnischen Gründen'.
The Head of Foreign Exchange (Directeur) at Credit Lyonnais was Maurice Plaquet. At the time, he was around 60 years old and one of the most senior FX traders in Europe. Once I could speak a little French, I had almost daily contact with this illustrious man. Only three years prior he had created the Forex Club, which was later called the Association Cambiste Internationale (ACI).

The slogan of the International Forex Club was "once a dealer always a dealer", and for me that turned out to be true throughout my life.

Quote from the Internet:

> The European Foreign exchange market reopened ten years after World War II. In this context, British and French traders took the opportunity to form an association whose objective is to represent the market community.
>
> - June 29, 1955: Maurice Plaquet from the French Forex Club and Roy Bridge from the London Forex Club organized an inaugural Forex Club dinner in Paris
> - 1955–1957: Thirteen countries joined (USA, Canada and eleven European countries including Germany)
> - May 11, 1957: First International Congress of ACI: Association Cambiste Internationale

I was in Paris and worked with Maurice Plaquet in 1958, only three years after the Forex Club had been founded. I joined the German Forex Club in 1958 and attended the German national meeting in Frankfurt. In 1959, I also attended the Second International Congress, held in London. (At that time I saw the musical My Fair Lady with Rex Harrison and Julie Andrews on stage at the Theatre Royal, Drury Lane.)

The greatest value of the Forex Club was to promote personal face-to-face meetings of people who almost daily spoke on the phone to close foreign exchange transactions.

Work at Stinnes FX Room after Returning from Paris; Major event in FX market December 29, 1958

In the second half of 1958, the Stinnes FX room continued to grow and make money out of thin air, i.e. out of nothing. We had no customers. My contribution was to deal with about ten banks in Paris with whom we had not traded before and whom I had gotten to know during my two months there. I was the only one able to trade with them because I was the only one who could speak French. Those French banks spoke only limited English or German and, more importantly, the French did not want to speak German or English.

On Saturday morning, December 27, 1958, I sat at my desk in the Stinnes dealing room reading the newspaper. I saw a headline that caught my attention:

SURPRISE VISIT OF GERMAN FINANCE MINISTER TO PARIS.

Me at trading desk at Stinnes in swivel chair with telex machine behind me, 1958

Making a Big Profit from Devaluation of French Franc

During past years, the French franc always had been weak and the German mark had been relatively strong. As a result, the French franc had always been at or near the spot-trading lower intervention point of the European Central Banks, including the German Bundes Bank, i.e. almost every weekend the French franc was a candidate for devaluation.

There was a voice in me saying that the French would devalue their franc versus the German mark on this weekend and, as a result, the French franc would move substantially lower than where it was at this time on Saturday morning. So I picked up the phone and found another bank willing to trade on this usually very quiet day. I sold francs against marks for the standard spot value date, which was two business days later, i.e. Tuesday, December 30. I was senior enough to do this without asking anybody else in the dealing room. As a result, my Stinnes Bank was now short French francs against marks.

Over that weekend two major things happened.

The first was that the French franc devalued by 17%. The size of my position was equivalent to one million dollars so that I netted a profit equivalent to $ 170,000, which at the time was a very large amount of money.

However, there was one problem; the French Central Bank told the French banks that foreign banks, such as the German Stinnes Bank, were not allowed to overdraw their French franc-denominated accounts.

That was a problem for me and my Stinnes Bank. I had sold the francs on Saturday for value Tuesday. It was now Monday, and the standard spot value date was Wednesday. If I bought back my speculative short position in francs for value Wednesday, I would be overdrawn in my account for one day from Tuesday until Wednesday. The penalty for such an overdraft was 20% flat, i.e. larger than my speculative profit from the devaluation of 17%. That was how the French Central Bank wanted to penalize guys like me who had speculated against their currency.

On that Monday morning, December 29, 1958, the atmosphere in the Stinnes dealing room was near the boiling point. Dr. Haas and the other traders watched me calling one of my Paris friends after another, trying to borrow francs from Tuesday until Wednesday in an effort to save our $ 170,000 equivalent profit. I was the only one speaking French and the only one who had personal contacts with the French traders.

It was also Dr. Haas' birthday on that day. Not enough drama?

His wife was in labor with their first child, and doctors had warned that there were complications that could endanger the life of mother and child.

And then, within a ten minute period, all problems were solved: My friend Spoerri from Banque Ottomane, with whom I had spent so many nights walking through Paris earlier that year, lent me the francs at 10% per annum, which was nothing compared to the 20% flat penalty rate the central bank would have charged. This secured the $ 170,000 profit. Also, Mrs. Haas gave birth to a perfectly healthy child. There was champagne on Dr. Haas' account for all.

The other major thing was that all European currencies including the German mark became convertible to US dollars, Canadian dollars, and Swiss francs. Up to that point, those three currencies were only freely convertible against each other. The other European countries could only trade their currencies amongst themselves, like junk against junk, but not against the other three convertible currencies.

This change meant that as of the end of December, 1958 we Stinnes traders were now allowed to trade German marks against US dollars, which was not possible before that date. As we will see, this ability to trade US dollars against marks would play a major role very soon in my life.

Two days later, on Wednesday, December 31, 1958, I received my first bonus from Dr. Haas. He called me out of the dealing room into the hallway where we were alone. He reached into the pocket of his trousers and pulled out a hand full of 100 mark bills. He gave the money to me and said "You did well last year. Congratulations! Don't screw yourself to death." Then he walked away. This was the office climate at the Stinnes Bank: rough language, no receipts for payments.

When I counted the money it turned out to be more than 800 Marks, equivalent to about $ 200, which was my monthly salary at that time.

Training in New York for Two Months at Citibank in August 1959

On a day in May, 1959, I came back from lunch at home at 10 Leineweberstraße, which was only a few hundred yards away from the Stinnes office. I was dressed in tennis clothes because I wanted to play tennis immediately after office hours.

One of my fellow traders told me that Mr. Otto Stinnes, the owner of the bank, was eager to see me. I had never talked to Mr. Stinnes before and at first did not believe this. However, when I called Mr. Stinnes' office his secretary said, "Yes Mr. Riehl, please come to our office, Mr Stinnes wants to speak to you." So I went to his office in my tennis attire and was very nervous.

Mr Stinnes sat there with Dr. Haas and Mr. Wilhelm Unger, who was in charge of the entire bank and, as such, was Dr. Haas' boss. Dr. Haas asked: "Mr. Riehl would you and your wife be prepared to go for two months in August to New York and train at Citibank?" I took a deep breath, thought for about five seconds and said, "Yes."

Then Dr. Haas asked the other two gentlemen, "Shall we decide now or wait?" They wanted to wait and Dr. Haas told me to go back to my dealing room and wait for further instructions. The following events led up to this story.

Mr. Wolfgang Kock, Kocky, the deputy chief FX trader, had been scheduled to go with his wife for two months to Citibank New York. Mr. Stinnes and Dr. Haas felt that since we were now able to trade German marks against dollars, somebody should go to New York, get to know the New York market, and represent the Stinnes Company in the US. Kocky and I were both deputies to chief trader Heinz Zoeller, but Stinnes had chosen Kocky because he was ten years older. Besides that, I had been in Paris, so it was Kocky's turn to go to New York.

Party with friends from Stinnes on evening before wedding with Karin; Kocky is seated in center of photo. 1959

It turned out that Kocky had borrowed money from his fellow traders and other employees at Stinnes and spent it all drinking and having fun with the ladies. When people wanted their money back he did not have it. People wanted to get married and needed the money to pay for their first apartment, furniture etc., and Kocky could not pay. So people finally went to their bosses and ultimately to Mr. Stinnes.

Mr Stinnes was very upset with Kocky's behavior and decided that this kind of person should not be the first one to represent him in America after the war. On the other side, all details had been cleared and discussed with Citibank, and somebody had to go so that Stinnes would not lose face with Citibank. Against that background I was the logical next choice.

Two-week Voyage with Stinnes Owned Freighter from German Port Bremen to Newark, NJ, near New York

On Saturday, August 1, 1959, Karin and I left the German port city of Bremen for the USA on a Stinnes-owned freighter with about 900 Volkswagen beetles on board. The ship had six more passengers for a total of eight. We had our meals and otherwise socialized with about four officers of the ship, including the Captain. We did not see any land for almost two weeks, and all of us became pretty good friends. The main activities included eating and drinking as well as playing cards and chess. In the early morning of Thursday, August 13, we were told to look out for land. And, indeed, that was what we saw. The real highlight after the initial sighting of land was to see the Statue of Liberty in New York harbor.

I was 23 years old. I had a little money in my pocket, spoke English, and knew there were no enemies or unfriendly people expecting us. I also had an address in New York City where I knew we were welcome to stay.

When I saw the Statue of Liberty, I thought of the millions of immigrants who had passed through nearby Ellis Island without any of those comfort-producing advantages Karin and I had. It was quite a moment that I will never forget.

Once we were on land, we took a taxi to an area called Riverdale in the Bronx; one of the five borrows of New York City. The house in which Stinnes had rented a room, bath, and kitchen for us was about a twenty minute walk from the most northern stop of the New York subway 242nd Street station.

The house had air conditioning, which I had never experienced before. However, there was no air conditioning on the top floor below the roof, which is where our little apartment was – and this in August in New York when temperature and humidity are in the 90's (33 degrees Celsius). The lady who owned the house had good advice: Take all your clothes off and lie still on the bed. Your body temperature of 98 degrees (37 Celsius) is higher than the temperature in the room so you will cool down.

During the next two days, Friday and Saturday, Karin and I just relaxed and got used to the new environment. After all, we were now in New York in the USA.

Assuring On-time Arrival at Citibank Office on Monday Morning; Special 15-mile trip on Sunday to Wall Street Area

My marching orders from Stinnes were to report on Monday, August 17, at 8:30 a.m. to Mr. Eddie Reichers at Citibank, located at 20 Exchange Place in the Wall Street area. This is 15 miles (24 Kilometers) away from where we were in Riverdale.

I wanted to make sure that I would not be late reporting to work on Monday morning, so Karin and I decided to take a quick trip to 20 Exchange Place in Manhattan. I wanted to know exactly where it was located. We got on the subway and headed south towards Wall Street. When we approached Times Square, it appeared on the subway map that we were already quite close to Wall Street. So we got off the subway to take a look at Times Square, the Great White Way, and then walk the rest of what we thought was a short way to Wall Street. Little did we know that it was still some six miles (10 Kilometers) from Times Square to Wall Street. But we made it, exhausted and drenched with sweat from the heat.

On that Sunday afternoon I went to the reception desk of the 20 Exchange Place building and confirmed that indeed Mr. Edwin Reichers had an office in that building. I consider this a very important point. I had eliminated the possibility of getting lost in the jungle of Manhattan's financial district, Wall Street. After all, this was my first time in that area.

If I had been late on that next day, Monday morning, starting sentences that begin with 'but,' and explaining that I did not know this and that, it might have sounded understandable. However, the German in me and the absolute desire to be on time and not be late made me take this extra precaution and assure that I would get to Mr Reicher's office on time. *There is only one way to be on time and that is to be early.*

Punctuality is important!!

Working in Mr. Reichers' FX Room at Citibank New York

Edwin 'Eddie' Reichers was one of only about fifty vice-presidents Citibank had at that time. He was 51 years old and because his parents had been born in Germany, Eddie spoke a little German. He was responsible for all foreign exchange (FX) including the FX departments in the approximately 70 countries around the world where Citibank had branches.

Eddie had joined the Citibank cable department in 1923 when he was 15 years old and straight out of High School wearing shorts. The Citibank New York FX department had its own cable department. Sometimes cables intended for the FX cable department were inadvertently sent to the general cable department. In such cases, young Eddie had to carry those messages from the general cable department to the FX cable department. He liked the livelier, international, and electric atmosphere of the FX cable department much better, and asked to be transferred as a messenger boy from the general cable department to the FX cable department. From that beginning, he rose over 35 years to his recent position as VP and global head of all FX in Citibank worldwide.
Eddie was very authoritative and appeared almost unfriendly. Nobody would talk to him unless Eddie asked a question. He was the boss, and nobody could do anything without asking him first. The entire department was quite large and had about 40 employees. Most of them were in supporting, or clerical, accounting type positions.

Periodically it would happen that Eddie needed to replenish marks in his correspondent bank account with Deutsche Bank in Frankfurt. In such cases he would ask one of his traders, George de Luna, with whom I later became good friends, "George, get Deutsche on the telex machine and ask them their rate for dollars against marks."

HR with George de Luna, 1959 in New York City

At that time, it took a few minutes for George to establish the connection and get the FX rate from Deutsche, at which time he would tell Mr. Reichers the rate quoted by Deutsche Bank.

That rate at the time was somewhere around DM 4.1720 for one Dollar, just slightly above the lower intervention/support point of 4.1700. Mr. Reichers could not understand that rate, because it was a quotation in German terms, i.e. how many marks for one dollar. Mr. Reichers was in the USA and needed the quotation in American terms, i.e. how many dollars for one mark.

In order to convert the German rate of 4.1720 into the equivalent American FX rate, one had to calculate the reciprocal rate of 4.1720, i.e. 1 divided by 4.1720 which equals 0.239693. This American rate of 0.239693 dollars equal to one mark was understandable for Eddie Reichers; it would allow him to decide whether he liked it or not and whether he would buy marks at that rate.

The process worked like this: After George told Mr. Reichers the German rate of 4.1720, Mr. Reichers would always say "Put that into the one" which meant divide 1 by 4.1720

At that point George would walk the approximately 15 yards to the only calculator in that FX department and perform the calculation as Eddie Reichers had requested. All of that took probably 90 seconds, after which period George would announce the result to Mr. Reichers.

Creative Calculation Act to Get Mr. Reichers' Attention

I really had nothing to do in that FX department except to listen in on the phone conversations of the other traders. However, I had noticed the process of converting German FX rates into American FX rates and concluded that there was a way to improve that procedure.

So the next time Mr. Reichers called on George to get Deutsche Bank on the Telex I went to the calculator and put into the machine 1 divided by 4.172. Note that I omitted the fourth digit, the one following the number 2. I did not know what it would be. I knew that the rate was roughly 4.1720, but did not know the exact rate in that particular moment.

Now, let's say that in that particular situation George told Mr. Reichers that the rate quoted by Deutsche Bank was 4.1728. Now all I had to do was put in the number 8, because I had entered in advance the preceding numbers 4.172

So I put in the number 8 and pressed the 'divide' button. Immediately the machine began to calculate, which took about five seconds. The calculator was electric and took its time – not electronic like today, which produces instant results. So, within five seconds I had the result, i.e. the reciprocal of 4.1728 which is 0.239647.

George had just taken the first step towards the calculator which was 15 yards away, when I said with a loud voice so it could be heard, "Mr. Reichers, the FX rate is 0.239647." At that point Mr. Reichers gave me a look full of surprise. He might well have forgotten that I was in the room at all, but he certainly now had noticed me.

This is an example of how I always looked for a better way of doing things.

Social Life While at Citibank New York

Of course, I used my time in New York to meet and get to know the traders of other banks in New York just as I had done in Paris when I spent two months there the previous year. At that time, personal contacts were extremely important. Those people from other banks were exotic contacts for me. I had never met them before, but they were extremely important for future trading after I returned to Germany. Remember, this was 1959, only 14 years after World War II. To them I also was a rare bird because there were not that many European traders visiting New York.

Some of Mr. Reichers' staff, particularly George de Luna, would sometimes invite Karin and me to their house or their mother's house on Long Island. In particular, I remember the suburb of Garden City on Long Island. It was there that I saw and tasted for the first time food like Prime Rib of Beef, baked Idaho potato, and drinks like gin and tonic or vodka tonic.

Resisting Temptation to Sell Insider Information

At those parties I also met people who were friends of George but did not work in Citibank. There was one particular guy I remember who made a concrete devilish proposal to me. He traded foreign exchange at another smaller bank and wanted to get some insider information from me.

For example, Volkswagen exported cars from Germany to the USA. The cars were sold in America for dollars, but VW USA had to pay for the imports in marks. Therefore, periodically VW USA had to sell dollars and buy marks to pay for the German imports. These were very large amounts which would move the dollar/mark market rate down for the dollar and up for the mark.

This particular guy knew that I sat right there in Eddie Reicher's FX trading room and could hear and see when those orders were received from Volkswagen and the transactions occurred. He basically proposed that I would let him know of those situations so that he could front-run it. This means he would buy the marks and sell the dollars *before* Eddie Reichers would do it and, in this way, make a sure profit. In exchange, he offered me a substantial amount of money for providing him with that advance and inside information.

The offer was tempting, but fortunately I did not fall for it. Maybe I listened to my inner voice and I remembered the poem from my mother's high school reading book, already quoted earlier in this book but worth repeating here.

Good Advice

First of all, my child: be faithful and true.
Never let the lie dishonor your mouth.
From the beginning of time
The highest value among all people
Was always to be faithful and true.

You are still young,
It is not yet so hard.
But a boy becomes a man;
A fledgling bends, but the tree no longer does.

Say yes or no and don't twist your words around.
Whatever you say – keep it brief and simple.
What you vowed, be your highest duty;
Let your word be holy, therefore do not waste it.

With great ease the lie sneaks up to your heart –
First a dwarf; a giant later.
However, your conscience shows the enemy to you,
And a voice inside you screams, "Be thou awake!"

Then be alert and fight.
There is an enemy ready:
The Lie in you, it threatens you!
My dear child, always fight courageously for the truth!
You my child, be brave, faithful and true!

Translated from German by Heinz Riehl

I highlighted the fourth verse, because that is the important message.

George and other Citibank people also discussed various economic issues with me. For example, at that time in 1959 there were initial discussions about creating some kind of European Free Trade Area (EFTA), which was actually established on May 3, 1960. Those people wanted my views about the pros and cons of such a development.

Beginning Important Friendship with Eddie Reichers

I am mentioning all of that because even though Mr. Reichers never talked to me directly, he must have received good feedback from his staff about me and had begun to like me. On my last day in his office, a Friday, he came back from lunch and approached the area where I sat. “Doing anything tonight?” he asked. I said, “No sir.” And he said “Stick around. I’ll buy you a beer.”

This was major, and of course I stuck around and waited for Mr. Reichers that evening.

We started drinking Heineken beer in the Wall Street area, and as the pubs closed we moved more and more uptown. We talked about all kinds of things, including our mutual childhood stories. When it was near midnight, he delivered me to a subway station that would bring me to 242nd Street. Just before I turned the final corner inside the station I looked and waved at him again, and he yelled: “Don’t forget, you have a friend over here!”

My wife Karin had a chance to explore New York for a couple of weeks before she went back home to Germany, again on a Stinnes freighter. She handled all of that alone, and I compliment her for that.

One Week in Toronto and Montreal before Going Home

As I was already in New York, Stinnes had arranged for me to visit the major FX trading banks in Canada as well. My new friend Eddie Reichers phoned the respective head traders and probably told them that I was a likeable guy. I spent a couple of days in Toronto and then went on to Montreal.

I stayed at the Ritz Carlton Hotel in Montreal and remember being homesick on my last evening there. There was a big party in the ballroom to which I had no access. But I watched the action a little from the door and remember an elegant female singer leaning over a piano and singing the song "My Happiness".

> "Whether skies are grey or blue
> any place on earth will do,
> just as long as I'm with you, my happiness."

From Montreal I took a Lufthansa Super Constellation plane home. It was still a propeller plane and had to make a scheduled refueling stop in Shannon, Ireland, because it could not make it non-stop back to Germany.

This was in October, 1959, just weeks before the first Boeing 707 jet was introduced. That plane cut the travel time almost in half and was much quieter and did not vibrate as much.

Stinnes FX Dealing Room after My Return from New York

When I returned to Germany and the Stinnes dealing room, the climate there had changed substantially. Kocky was back in favor with the leadership of the International department, and Dr. Haas and I were not loved anymore.

Cold Reception; No Longer Fun to Work at Stinnes

Kocky and his friends felt that I should have declined to go to New York. They said if I had not gone, Stinnes would have been forced to send Kocky anyway in order to save face with Citibank. Everybody also hated Dr. Haas because sending me had been his idea. The atmosphere was very political and, for the first time, it was actually not fun to work at Stinnes.

At the beginning of 1960, participants had to be nominated to attend the third international Forex meeting to be held in early May in Stockholm. I had attended the previous meeting in London in 1959. However, in spite of my many contacts in the international market particularly in Paris and New York, Stinnes did not nominate me.

My New Citibank Friend, Eddie Reichers Comes to Germany

Meanwhile I talked every day to Eddie Reichers, who was disappointed when I told him that I would not be coming to Stockholm. Eddie surprised me by advising that he would come to Düsseldorf on May 11 to have dinner with me. “I will fly into Frankfurt and come up to Düsseldorf by ‘Schnellzug’ (by express train).” He liked to flash some corners of his German language skills like this.

I told him that May 11 was my birthday and if he wanted to dine with me on that day, he would have to come to Mülheim and have dinner at my apartment. He accepted my invitation and we began to make plans to receive this high-powered American banker at my third floor apartment on 10 Leineweberstraße in Mülheim.

Dinner at My House on my 24th Birthday, May 11, 1960

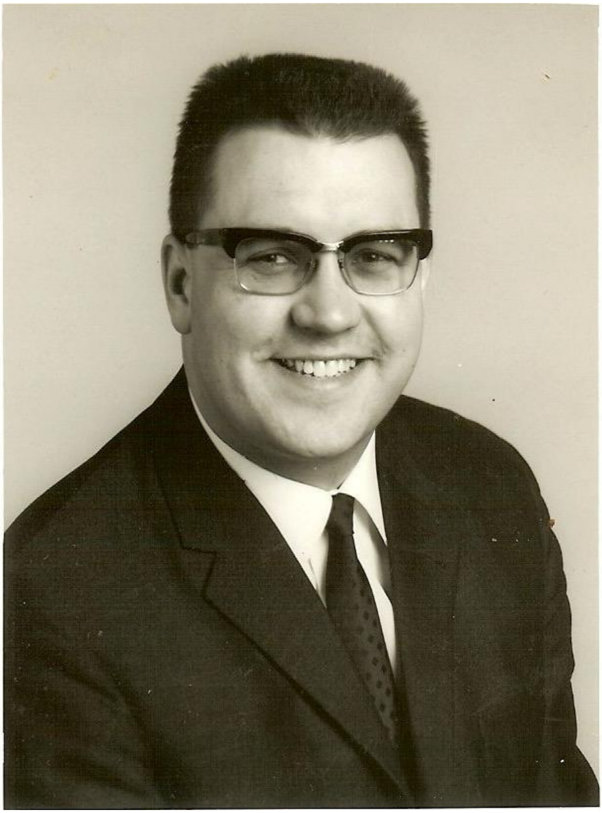
Dr. Haas was very excited when he heard that Eddie Reichers would come to dinner at my home. He made his bank-car and driver available to pick Eddie up at the railroad station in Düsseldorf, take him to my place, and later take him to his Düsseldorf hotel.

At that time my wife Karin was five months pregnant with our baby, Heinz. Nevertheless, she cooked a delicious meal including the famous German white asparagus which, it turned out, was one of Eddie’s favorite vegetables. I also had plenty of fabulous German white wine to go with the meal. We had a feast and overall a very good time. After dinner Eddie lit one of his huge cigars and we continued to drink wine.

Eddie Offers Me a Job at New Citibank Branch in Frankfurt

Suddenly, at a time when Eddie no longer took his cigar out of his mouth when he talked, he suddenly said: “Heinz, have you ever thought about leaving the Stinnes Bank?” I was quite surprised and said, “No.” “Well”, he said, “if you ever do think about that, please talk to me first.”

Part Two
Joining Citibank
1960



HR at age 24

Leaving My Hometown Mülheim-Ruhr, Moving to Frankfurt, Age 24

Leaving Stinnes Bank for the New Citibank Branch in Frankfurt

Of course, Eddie's comment caused an immediate follow up conversation right then and there on my 24th birthday in my apartment. He told me that in October of that year Citibank would convert the existing representative office in Frankfurt to a full-fledged branch. Additionally, he said that Walter Wriston, at that time head of Europe for Citibank in New York (and later Chairman), had asked him to find and hire a foreign exchange trader for that new branch. Finally, he stated that I was his first choice to fill that position.

Well, this was overwhelming.

As I have stated before, and will do so many times more in this memoir, I always strongly relied on my gut feeling – my intuition. So I knew immediately that I wanted to accept this offer.

On an intellectual level, I compared tiny Stinnes Bank with its highly qualified and technically superb traders (including me) versus one of the biggest and best banks in the world. However, this big Citibank intended to open a tiny branch in booming Germany where the post war economic miracle was in full swing and the economy was expanding at a rapid rate. Against that background, the new Citibank branch had to be a success.

There were details that had to be discussed. I already knew the foreign exchange (FX) markets and key traders in Paris, New York and Canada from my training periods there in the previous two years. I believed it was also important to become acquainted with the London FX market and the key traders there; therefore, I wanted to precede starting my work at Citibank Frankfurt with a few weeks at Citibank London.

The forthcoming birth of our first child (Heinz) was estimated to be on August 24, 1960. Karin and I agreed that I would report to work at Citibank London on Monday, September 5, by which time we were sure our new baby would be born while I was still in Mülheim. That would give me five weeks of training at Citibank London until October 10 and one week in Frankfurt before the scheduled opening of the new branch on Monday, October 17.

That same evening, Wednesday, May 11, (Germany is 6 hours ahead of New York) from his Düsseldorf hotel Eddie discussed all of those details with senior people at Citibank New York. They agreed to all points.

Eddie Reichers and the seniors in New York had decided that I would be the FX trader for Citibank's new Frankfurt branch. Eddie told me later that there had been some doubters in New York. People understandably asked Eddie Reichers, "There are all these big and important banks in Germany like Deutsche Bank, Dresdner Bank, Commerz Bank, and many others. Are you saying that none of these banks have a trader that would be a better choice than this 24 year old kid from tiny Stinnes Bank?" Eddie stuck to his opinion and said, "Heinz is my first choice!"

The birthday dinner was on a Wednesday. Eddie flew to Copenhagen, Denmark, on Thursday, and invited me to come to Copenhagen on the following day, Friday, May 13, for lunch at the Hotel d'Angleterre to go over everything one more time in person.

Before I went to Paris in 1958 and New York in 1959, I had signed a three year contract with Stinnes. They would have to release me from that contract so that I could join Citibank.

On Thursday morning, the day after the birthday dinner, I told Dr. Haas about what had happened. He was very excited about all of that and said there was no problem with Stinnes releasing me from my three year contract. Dr. Haas personally could decide that by himself. And the biggest surprise of all; Dr. Haas instructed me to ask Eddie Reichers/Citibank to also hire him, Dr. Haas, to run the corporate business at the new Citibank Branch in Frankfurt. Stinnes paid for my trip to Copenhagen and back. Imagine!! Dr. Haas approved that expense. Big conflict of interest!!

I flew to Copenhagen on Friday and met with Eddie for lunch. All details of my move from Stinnes to Citibank had been approved overnight in New York. However, regarding Dr. Haas coming with me to Citibank, the decision was 'no package deal', which disappointed Dr. Haas.

So, within less than two days, from my birthday evening to lunchtime two days later in Copenhagen, my life had changed dramatically – everything had been decided and my move from Stinnes in Mülheim to Citibank in

Frankfurt had been approved. My already attractive monthly salary at Stinnes of DM 800 was doubled to DM 1,600 or US$ 400 per month. Citibank would pay for all the moving expenses from Mülheim to Frankfurt and brokerage fees for a new apartment in Frankfurt.

Karin supported the evolution of my emerging professional career as well as the geographic move from Mülheim to Frankfurt. She participated in and agreed to the decision, even though she may not have fully appreciated what it all would mean for her.

Most of my friends advised against the move. Hugo Stinnes was a tremendous name in Mülheim and Germany. When you had a good job at Stinnes you were viewed as having it made. On the other side, American companies had a reputation for 'easy hired – easy fired.'

With Eddie Reichers and his wife at his Long Island Beach Club (top) and in my house at Hofheim near Frankfurt in 1965 (bottom)

As a matter of etiquette, the Citibank people in Frankfurt had to meet me, like me, and formally approve that I would work for them.

Citibank established its representative office in Frankfurt in1952, eight years prior to my arrival. The boss, the representative, was 60-year-old Harold Swenson, a veteran of Citibank New York. Born in Norway, he immigrated to New York and joined Citibank in the translator department because he spoke German. And again, because he spoke German, Citibank sent him to Frankfurt as its representative in 1952. Remember, this was only seven years after the war and four years after the creation of the Deutsche mark. As Citibank's representative, Harold Swenson was Mr. Citibank and Mr. Dollar in Germany. He was president of the American Chamber of Commerce in Germany and seemed to know everybody in Germany. His life was full of giving speeches and attending luncheons and dinners, often in his honor. He smoked cigars and was a good, easy going guy. However, he knew very little about banking.

In the Representative office there were two more people: Harold's deputy, Karl Stang, and his secretary, Gertraud Maue. They all lived a quiet and good life prior to the opening of the new branch. I met with all of them. They found nothing wrong with me and blessed the basic decision to hire me, which already had been made in New York. I returned to Mülheim and continued my preparations for leaving Stinnes for Citibank later in the year.

One Month Training at Citibank in London, Son Heinz Born on First Day at Citibank, September 5, 1960

On the family side the main event was of course the arrival of Heinz junior expected on August 24. That date came and passed without anything happening. Karin and I knew that I had to be on a plane on Sunday, September 4, to fly from Düsseldorf to London. I had to report to work at Citibank London on that Monday morning, September 5.

On Friday, September 2, Karin went again to see Professor Krause, her 70-year-old Doctor. He examined her again and said, "If nothing happens over the weekend, come back Monday morning and we will induce the birth."

As I wanted to be in Mülheim when Heinz was born, the Professor's plan was not helpful to me. I phoned the Professor on that Friday morning and described the situation, i.e. that I had to fly to London on Sunday afternoon to start that important new job with the American Bank. I also shared my suspicion that he had picked Monday morning not based on some scientific calculation and examination, but rather because it was after the weekend and the first day in that week. So I suggested that he induce birth right now, i.e. mid Friday.

The Professor responded, "Mr. Riehl, you are right with your assumption of how I picked Monday to induce birth. And I also understand everything you say about your new job with that American bank. However, I have been doing this for over forty years based on my instincts, and my instincts have always been right. But if *you* want me to do it now, send your wife over and I will do it."

I responded "Oh no. That is not how I want this done. If you do it now, you should do it because after knowing all the facts you change your mind and do it now. Please do not do it just because I want it. If anything goes wrong, you will say that it went wrong because you did not follow your instincts." And the Professor said, "I understand. Then we will do it on Monday morning." And that was it.

So, on Sunday afternoon, September 4, a teary Karin and her father, Pappa Boes, took me to the Düesseldorf airport and I flew off to London.

I stayed at the Marble Arch Hotel in London, a comfortable underground train ride away from *Bank Station* where Citibank was located at 117 Old Broad Street. On the following morning, Monday, September 5, 1960, two important things happened:

1. Karin checked into the hospital early where labor and the birth were induced.
2. I reported to Harry Ruddick at Citibank London for my first day of work with Citibank

Remember, there was no email, cell phone, or texting. There was only the regular phone, and international calls had to go through an operator. I knew that Karin was in the hospital in good and experienced hands, and I simply had to wait.

At Citibank, London, I got to know Harry Ruddick. He was about 60 years old and a close friend of Eddie Reichers. Harry was the senior FX trader at Citibank London, and he also had responsibility for Citibank's relationships with correspondent banks on the European continent.

There was only one branch of Citibank on the European continent and that was in Paris. The Paris FX trader reported functionally to Harry.

One of Harry's strong points was that he was a neighbor and close friend of Roy Bridge, the senior FX trader at The Bank of England. Roy and Harry would bet on horses together and were just good friends and jolly good fellows. The British pound was often under downward pressure, and the Bank of England would often use Citibank London to intervene in the market on behalf of the Bank of England to support the pound. All of that gave Harry enormous weight and status in the London market and, beyond that, in the European FX market.

On that Monday morning, Harry had a friendly chat with me and introduced me to his traders in the FX dealing room. Harry and I agreed that the main goal for me would be to meet the key traders from other banks in London. It turned out that Harry accomplished that in a very efficient way. Instead of visiting the various banks to meet the traders in their respective offices, Harry and I would go from pub to pub in the London City (the banking district like Wall Street in New York). These introductions had to be done all on that particular day because on the following day Harry was scheduled to go to the European Continent for one month to visit Citibank's correspondent banks. As I was staying only four weeks until October 1, all these introductions had to be done on that Monday.

So while Harry and I went from pub to pub drinking Vodka with bitter lemon (which I learned that morning), I was thinking of what might be happening with Karin in labor to give birth to young Heinz. Every hour or so I asked the respective pub owner to use his phone and called Pappa Boes in Germany collect. Each time I was told by Pappa Boes that there was no progress yet and nothing to report.

After a while, Harry inquired what I was doing on the phone all the time. When I told him what was happening in Germany he got seriously mad at me. "You should have stayed in Germany with your wife and come here after she gave birth", he yelled at me. In addition he instructed me to take the first flight the following morning back to Germany and return to London a few days later.

After lunch with one of the other bankers, I returned to my hotel and took a nap to recover from all the Vodka and bitter lemons from the morning. I guess I was not as seasoned a drinker as Harry and his London friends.

I stayed in my hotel room waiting for a phone call from Pappa Boes, which came around 9:30 in the evening. I found out that Heinz was born at 9:02 p.m. and that mother and child were doing fine.

Early the next morning, I flew from London to Düsseldorf where Pappa Boes picked me up at the Düesseldorf airport and we went straight to the hospital. After a full day of labor Karin had been too exhausted to see anybody the previous evening. So, as it turned out, even though I had been in London at the time of the birth, her father and I were the first to see her after the birth anyway, which was a little consolation for me.

After my return to Citibank London I stayed another three weeks, learning about practices of the London market and getting to know a few more traders. On Saturday, October 1, I returned to what was now my expanded family in Mülheim.

Beginning Work at Citibank Frankfurt

On the following day, Sunday, October 2, 1960, I drove 150 miles from Mülheim to Frankfurt. Pappa Boes had kindly provided a 1949 VW standard for my commutes between Frankfurt and Mülheim. In normal weather conditions this was a three-hour ride. Under no circumstances did I ever want to be late, so I allowed four hours to get there. After all, this was winter-time with frequent ice and snow and my VW was 11 years old. I typically left Mülheim at 3:30 a.m. on Monday morning to get to my Frankfurt hotel and, subsequently, to the Citibank office on the corner of Neue Mainzer Straße and Große Gallus Straße. On Friday nights I would be back in Mülheim around 8:00 p.m.

This would go on for several weeks until I managed to find an apartment in Frankfurt. That happened as of December 1. It was located at Rückertstraße near the Frankfurt Zoo, about a 20-minute walk from the Citibank office. Usually I would walk home for lunch, which gave me about half an hour to stay at home. During the walk, I frequently checked on the market from public phones, and often actually closed some FX trades at that time.

My mother was sorry to see me move to Frankfurt, even though she no longer was in Mülheim. She had gotten married to Dr. Gerd Moeller and moved to the city of Dortmund, one hour by car away from Mülheim. I would now be 2 ½ hours away instead of 1 hour.

As I began my work in the Citibank Frankfurt branch in 1960, some interesting things were happening in the world.

- The Boeing 707 jet aircraft had just succeeded the propeller plane Lockheed Super Constellation.
- The Hula Hoop was all the rage!
- The Berlin Wall was not yet built. Thousands of refugees came every day from East Germany fueling the German 'economic miracle.'
- The Bretton Woods System was in place under which the U.S. guaranteed to exchange 35 US dollars for one ounce of gold. The dollar parity against the DM was DM 4.20 with firm lower and upper intervention points of the Bundesbank at DM 4.17 and DM 4.23
- Konrad Adenauer was Chancellor of the Bundesrepublik Deutschland.
- Forty one-year-old John F. Kennedy had just been elected President of the U.S. succeeding 70-year-old General Eisenhower, which made young representatives of American companies more acceptable, even popular. This included the original fourteen German staff of Citibank Frankfurt with an average age in their late twenties.

I was 24 years old and felt well prepared, maybe one could say uniquely well prepared, for a 24 year old at that time in 1960. I had:

- **Completed a 2 ½ year banking apprenticeship with 'Excellence';**
- **Become fluent in English and had developed acceptable conversational French for FX trading;**
- **Had many months of practical foreign exchange trading experiences in the Paris, New York, Canadian, and London FX markets;**
- **Developed personal relationships with key traders in all the above markets;**
- **Become recognized as one of the best FX traders in Europe at the time. (There was no trading yet in the Middle East and Asia)**

My goal was to become 'Manager' of my own Citibank branch, like Harold Swenson was of the Frankfurt branch. This seemed a rather ambitious goal, but I wanted to give it a shot.

In addition to the above qualifications, I should mention a change in the flag under which I was sailing, i.e. the type of bank I currently was working for. People who traded with me no longer had tiny Stinnes Bank as their counterparty. Instead, I was now trading in the name of mighty Citibank. This meant that all banks in the world had virtually unlimited counterparty credit lines to trade with me.

(Reference from page 164) While I am talking about counterparties to trade with, I want to make one more point. When the branch was officially opened, Citibank President George Moore made a formal commitment to the German Central Bank (the Bundesbank) that we would not bring dollars into Germany and convert them into German marks to finance our DM loans to German customers. The German economy was already overheating and importing money (borrowing US dollars) from Citibank New York in the USA would provide further stimulus, which the German government was not looking for. Therefore I decided not to trade at all with the German Central Bank. Such trading would almost always involve selling dollars to them for marks at the lower intervention point of DM 4.1700, which was the level at which the Central Bank had to support the dollar consistent with the Bretton Woods Agreement.

Foreign Banks would sell dollars to banks in Germany every day at levels slightly below 4.1700, i.e. at 4.1698 or so. I also received those dollars from banks outside of Germany who could not trade directly with the German Central Bank. Instead of selling those dollars to the German Central Bank, I sold them to Deutsche Bank in Frankfurt. Their head trader, Mr. Jacoby, had a good relationship with Eddie Reichers and, as a result, Deutsche Bank would pay me 4.1700 for my dollars and then include my dollars in the large amount of dollars they sold every day to the German Central Bank. As such, I completely avoided any contact, including selling dollars to the Central Bank, and could not be accused of bringing dollars into Germany.

On my first day at the Frankfurt branch, Monday, October 3, 1960, I immediately faced a big challenge. There were two inspectors from Citibank head office New York helping to develop forms to be used in the new branch. Those forms had to be consistent with the Citibank way of accounting for any type of banking transaction we might do. This included the confirmation forms with which we would confirm FX transactions entered into with other banks and customers.

The two inspectors, Walter Rieter and Art Natvig, proudly presented those forms to me and thought that I would be happy about it and grateful. However, when I looked at those forms I found them completely unacceptable to be used by a 'sophisticated world class trader', which I thought I was. Here was the problem:

Citibank worldwide traded only with customers, as described earlier; for example, trading in German marks with Volkswagen. When they traded with other banks they did so to lay off those customer transactions. For example, when Citibank New York bought marks from a customer they would call another bank to sell those marks again. They would buy the marks from the customer at a lower rate than the market rate at which they would sell again to another bank. The difference was their FX profit. Citibank did not engage in any proprietary trading, i.e. they did not speculate in FX for their own account. This is important to understand.

At Stinnes we had no customers. All of our FX trading was speculative, making money out of thin air. That was the reason why we had to be much more sophisticated than the other market participants. We had to be alert and always one step ahead to make money. Without customers, FX trading is a game of the quick and the dead: you had to be quick, otherwise you were dead.

> Let me insert here one important major statement that may sound arrogant, but I don't mean it that way: <u>I introduced proprietary (speculative) trading at Citibank,</u> initially in Germany, and ultimately worldwide. (See also the section on funding the Nassau dollar book page 208.)

Now let's get back to the FX confirmation forms that had already been designed prior to my arrival. Those forms provided only for purchases and sales of foreign currencies against local currency (bilateral transactions), which in Germany was the German mark. The forms could not be used to confirm multilateral transactions, i.e. one foreign currency against another foreign currency. At that time, the more sophisticated market participants traded in multilateral transactions. Unfortunately, at that time, Citibank was not one of them.

I told the New York inspectors that I could not use the forms which they had designed. I explained to the best of my ability, and in the nicest possible language, that a trader of my status in the market could not confirm a multilateral trade with two bilateral confirmations. Let me illustrate my point with an example.

Let's say that Citibank Frankfurt bought from Deutsche Bank 100,000 British pounds at $ 2.82. This is <u>one</u> multilateral FX trade. My friends from New York wanted me to confirm that <u>one</u> multilateral trade with <u>two</u> bilateral trades as follows:

> Buy pounds 100,000 at DM 11.76, i.e. sell DM 1,176,000.
>
> Sell $ 282,000 at DM 4.17, i.e. buy DM 1,176,000.

One can see that the two amounts of DM 1,176,000 offset each other. These are artificially created local currency equivalents needed to book the multilateral transaction in the Citibank-style accounting system.

Now visualize the situation on that Monday morning around 10:00 a.m.: Here is that 24-year-old whiz kid that hung around for a few weeks in London and, from their viewpoint, basically had been doing nothing, or so the two New Yorkers thought. Instead of being grateful that they had already designed the FX confirmation forms for me, I stated that I could not use them because it would hurt my status in the market to be seen confirming *one* multilateral transaction with *two* bilateral transactions. If they had not known that I had the express backing of almighty Eddie Reichers in New York, they probably would have fired me on the spot. Of course, they could not do that. Instead they showed me my 'office' and told me to create my own form that was up to my standards.

After the door closed, I looked around 'my office' of approximately 300 square feet, or 27 square meters, with no windows. There were two desks, two telephones (one was an extension of the general phone number of the bank and one was a direct line), one electric Friden calculator, one telex machine, which served as the general telex for the entire branch, and the general phone switchboard for the entire branch.

Friden calculator 1961

I sat down at the desk nearest the telex, so that I could turn around on a swivel chair and write on the telex. My task was to design one single form that could be used to confirm both bilateral and multilateral FX transactions. Accounting and designing forms were never my strength. However, I was on my own; there was nobody to help me. I realized I had to do it myself.

All my life, I have found that when my back is against the wall I become creative. And that kicked in here again. Within an hour I designed a form that had an upper part and a lower part. The upper part represented what we had purchased and the lower part represented what we had sold.

Bilateral transactions had a natural local currency amount bought or sold. When there was a multilateral transaction one could see the two respective foreign currency amounts that had been bought and sold. However, the two (arbitrarily created) local currency equivalents were typed into a space that was blacked out on the top page (original) which was mailed as our confirmation to our counterparty. The entire form was manifold (i.e. had several pages with carbon in between) and, except for the top page (original), all additional pages were perforated in the middle. That permitted separation of the entire set of copies into a purchase and a sale for internal accounting purposes.

The 'experts' understood my basic idea and solution to the problem. They helped to fine tune my idea, and at lunchtime we went out to eat together and were friends again. I had dodged a major bullet and had impressed the two New York guys. They knew I had created something in an area that was not my strength and gave me credit for it.

Staff at Citibank Frankfurt on Opening Day October 17, 1960

In addition to Manager Harold Swenson there were two more officers who were both Americans. One was Philip Vance, about 30 years old. He had worked for a few years in back office operations at our London branch and had the same responsibility here in Frankfurt. It later turned out that by pure coincidence he rented an apartment in the same building where Karin, Heinz, and I would live for almost two years. Often we walked together in the morning to the Citibank office, and we became good friends.

The other one was Ted Harpham, about 40 years old. He had worked before for several years in Citibank Brazil. Here in Frankfurt he was responsible for the entire front office, including corporate lending. He was my boss; I reported to him.

Ted Harpham (left) and HR (center) in 1960

Among the local Germans there was a noteworthy and wonderful fellow named Bernie Nix. He ran the back office and, in particular, knew all the German banking rules and regulations. It turned out that he and I were the key local people; I made the money and he kept the books straight.

There was a total of seventeen people on the day we opened the Frankfurt branch of Citibank. Harold Swenson, Manager, Ted Harpham in charge of the front office, and Phil Vance in charge of the back office were Americans and officers of the bank.

Citibank President George Moore (center), branch manager Harold Swenson (right), and HR (in the background with glasses) at opening of Frankfurt branch in 1960

Karl Stang also was an officer of the Bank and assistant to Harold Swenson. Gertraud Maue was secretary to Harold Swenson. Then there was me, the FX trader reporting to Ted Harpham, Bernie Nix, running the back office reporting to Phil Vance and ten more Germans in clerical positions.

Making Money for Citibank Frankfurt –
Inventing the Concept of Treasury: Origin and Applications

The branch opened officially on October 17, 1960. The books of Citibank's overseas branches were closed on the 23rd of each month so that those balance sheets could be incorporated into the overall balance sheet of the bank as per the end of the month. As such, we determined our loss carry forward when we closed the books of the branch on October 23, only six days after we had opened.

When we closed the books one month later, on November 23, we were already in the black on a *current basis*. This meant that for the one month period from October 24 to November 23 on a stand-alone basis the branch made money. However, it was not enough to eliminate the loss carry forward representing all the opening expenses. This situation continued until early 1961, when all the opening expenses were recovered and we began to remit monthly earnings to New York Head Office. Needless to say, almost the entire earnings at Citibank Frankfurt in 1961 were the result of my Treasury-related transactions.

The text on my website (www.RiehlWorld.com) is a perfect description of what I did in the very early days of the new Frankfurt branch, (i.e. during the November 1960 to February 1961 period). I thought instead of rewriting something for my memoirs, why not take something that I created already and include it as is in the appendix for those who would like to read it.[1a]

When I left Hugo Stinnes Bank and joined Citibank's new Frankfurt branch I was a Foreign Exchange (FX) trader. As such, beginning in October 1960, I successfully bought and sold foreign currencies and booked the foreign exchange rate differentials as a foreign exchange profit. To give a simple example, I might buy $ 1 million for DM 4,170,000 and a little later sell the same $ 1 million for DM 4,180,000. There was $ 1 million coming in and going out. No profit and no loss. However, in the account for marks there were DM 4,180,000 coming in and only DM 4,170,000 going out for a profit of DM 10,000.

This profit was accounted for, recognized immediately, and booked in the current month. At the end of each month all my foreign exchange earnings were taken away and included in the total profit & loss for the branch.

As a result, I began the new (second) month again at zero, buying and selling foreign currencies and making money again as described above. At the end of this second month all my foreign exchange earnings were again taken away and included in the total profit & loss for the branch.

In the third month (December 1960) the same happened again. At the beginning of each month my boss looked at me and asked, “How much money will you make this month?”

That was the time when I remembered the German fairy tale *Tischlein deck dich* (Table Get Set and Provide Food). A little boy had received a wonderful gift. Whenever he was hungry he would just say, “Table get set”, and delicious food would appear at once.

In the same fairy tale the boy also had received a donkey with a wonderful ability. Whenever the boy needed money he would hold a bucket below the behind of the donkey, and immediately the donkey would begin to poop monetary coins into the bucket. As soon as the boy took the bucket away the donkey would stop pooping coins.

In the middle ages some gold coins were called *Dukat*en. Therefore, in the fairy tale that donkey was called *Dukaten Esel* or Ducats Ass.

I am sharing this story because that is exactly how I felt as the FX trader at Citibank Frankfurt in 1961. All month long I pooped money-coins into the bucket. At the end of the month that bucket was briefly taken away, emptied, and then put back in place again for me to start pooping money into it all over again.

I wanted to develop a more comfortable, less nerve-racking and longer lasting way of making money as a trader for Citibank Frankfurt.

I already had learned how to be a money trader, placing our excess deposits in the German inter-bank money market. Over the year-end 1960/1961, I learned about the value of money in the German money market by observing that German banks paid large premiums for deposits covering that crucial year-end period.

I also learned about the difference in accounting for those profits, which were per annum or annual interest rate differentials locked in for as long as one year.

Here is a simple example:

Place/lend in the market	@ 6%	120,000,000 for one year
Borrow in the market	@ <u>5%</u>	120,000,000 for one year
Profit	1%	1,200,000 / year or 100,000 / month

One can see from the above that the two transactions take place in a given month. However, even though the total locked in profit is 1.2 million, the accounting system (accrual system) recognizes only 100,000 each month. This means 100,000 are recognized in the current month when the transactions are done, and after that 100,000 are recognized in each of the 11 subsequent months. I called that 'drip income'. Without me doing anything at all every month, another 100,000 profit would drip into the bank's profit and loss accounts every subsequent month.

I called this type of earnings the *farmer's barn*. I work, make money, but use only part of it. Most of the results are harvested into the barn and released later month by month during the cold winter months.

It is easy to see that this is dramatically different from the Ducats Ass described above. One way of looking at this is that in a given month I would actually poop 12 coins into the bucket. However, this was ***interest rate differential poop*** to be spread over 12 months. Only one coin was taken out of the bucket and the other 11 coins remained in it, to be released one coin per month for the next 11-month period.

In contrast, if I had created 12 coins of ***foreign exchange rate differential*** *poop*, all 12 coins would have been taken away immediately at the end of the current month.

This was an important insight, and, as a result, I focused more on interest rate differential earnings than on foreign exchange rate differential earnings.

After I had become the local money market trader, in addition to being the FX trader, I invested the money received from overseas branches in the short-term overnight money market. I noticed in late December (of 1960) that the money traders of the other banks kept asking me whether they might keep the money (my deposits with them) over year-end. I could not really understand why that was so important for them. However, I would soon find out. They were paying me only about 3% for overnight money prior to December 31. On December 31 they paid 4% and after year-end, i.e. in the New Year, they again paid only 3%.

The reason for this phenomenon was that it was important for German banks to show a lot of liquidity over year-end in their balance sheet as of December 31; therefore, they were willing to pay 1% more for money covering the year-end than money taken for periods not covering year-end. This behavior is called 'window dressing'.

There are many fascinating details to that story, but the bottom line is that I took advantage of this oddity in the German market.

For example, in early January, 1961, I placed money for one year until January 2, 1962, at say 4½% and borrowed, often from the same bank so that there was less credit risk, the same amount at a lower interest rate of only 3½% until December 31, 1961. The net result of such a transaction was that the bank really had the money for only two days over year-end, but was willing to pay me a spread of 1% p.a. for 363 days for it; i.e., they paid me the spread for the entire year except for the two days over year-end.

Of course I had to find the money somewhere for that critical period from December 31 until January 2 and here is how that worked:

Remember, I was also the foreign currency money market trader and understood the concept of Treasury; I sold dollars against marks for value December 31 and bought them back for value January 2. I could not do a direct swap for that period because any counterparty bank would have been suspicious of those extremely important days in the German financial market.

The solution was to do in *January 1961*, when the entire structure was initiated, two outright forward trades, one trade where I sold dollars against marks for value *December 31, 1961*, and another forward outright trade, with a different bank, where I bought those dollars back for value *January 2, 1962*. These transactions converted a shortage in marks over year-end into a shortage of dollars over year-end.

I convinced my friends at Citibank London to commit/lend me the needed dollars already in January of 1961 for the almost one year later period December 31, 1961, until January 2, 1962. This means that the transaction was completely locked in with all loose ends covered. (Reference from page 183)

Within months after the Frankfurt branch had been opened, Citibank opened branches in other European countries. **All of these new branches copied my Treasury concept and made money with it.**

One such new branch was to be in Geneva and my boss Ted Harpham was appointed the new Manager of that branch. Ted immediately came to me and asked me to find a trader in Switzerland similar to myself.

I immediately thought of Eddi Giger from Credit Lyonnais in Geneva. Even though I had never met him, I knew from trading with him on the phone that he had all the qualities needed to be a successful trader. I told Eddi about the opportunity, set up an appointment for him to meet Ted Harpham, and Ted immediately hired him. Ted sent Eddi for a couple of weeks to Frankfurt so that Eddi could see what I was doing and how my Treasury concept worked.

While Eddi was with me in Frankfurt he met my secretary, Ursula Leitsch. Eddi liked Ursula and asked me how it could be arranged for him to have dinner with her. I told him "Just walk up to her and say, 'Miss Leitsch I find you very attractive and would love to have dinner with you.'" Eddi said "You mean just like that?" and I said "Yes, just like that."

Six months later I received the announcement that the two were getting married. And they still are, happily, living in Zurich. Eddi became one of Citibank's greatest traders, specializing in trading spot dollars against the Swiss franc.

Promotion to Officer of Citibank, February 1961 (Age 24)

This was a dream that came true three months before reaching age 25. At Stinnes I made more money than many of the officers there. I always told Dr. Haas that I wanted to be an officer, which meant to have the ability to sign for the bank, to commit the bank. But Dr. Haas could not do that because he said, “I was too young.”

The only problem with the title of *Assistant Accountant* was that it sounded awful to Germans. Translated into German it means “Hilfsbuchhalter”, which is a very low level clerk. I quickly got approval from Harold Swenson to put on my business card the title *Manager Foreign Exchange Department*, which made me proud and happy.

FX Trading at Citibank Frankfurt

While all of this happened with money market transactions, we were also very active in the foreign exchange market. When I say ‘we’ I refer to two individuals I had hired to help me. They were Helmut Predikant, called Predi, and Horst Duseberg, a senior FX trader I had hired from Dresdner Bank in Frankfurt. Predi was a good soul and kept our books straight in the dealing room. Duseberg, called Dusi, was a good FX trader.

As a team, the three of us quickly became one of the leading participants in the European FX market. In particular, we competed with my old friends at Stinnes Bank. We both wanted to be ‘the greatest’ and sometimes we paid money for making the point that we could do something that the other one could not do. This related to trading in highly volatile currencies like the financial Belgian franc as opposed to the convertible Belgian franc. It also related to the size of a particular transaction, or the time of day when we would trade. It was almost childish how we competed with each other. However, this is important to remember when we get to the transaction with Hugo Stinnes bank on March 4, 1961.

Karin next to Harry Ruddick, and HR (center), and other Frankfurt FX traders 1961

Revaluation of the German Mark March 4, 1961

March 4 was a Saturday and there was no normal trading going on. This means active market participants like my branch were not obliged to quote rates at which they would trade. Whatever trading happened on Saturdays was done by mutual agreement.

At about 9:05 that morning I received a phone call from Fritz Menzel, a young and quite smart trader from the local Frankfurter Bank. He asked whether it would suit me to buy from him $ 350,000 against marks value Monday, March 6. The dollar was glued to the lower intervention point of DM4.1700. Even though this was one day shorter than the standard spot value date of March 7, I bought those dollars at DM4.1698.

Immediately after that I called Deutsche Bank to sell those dollars to them at 4.1700 which was my standard practice every day. The trader at Deutsche Bank put me on hold for a couple of minutes and then told me that he would call me back later to buy those dollars. I was a little upset with that behavior. Our relationship with Deutsche Bank had suffered a little. I felt they were jealous of my obvious success in the German FX market. In that moment I decided to call the German Central Bank, i.e. the Bundesbank. I had never done this before to avoid the impression that we were bringing dollars into Germany and further heating up the economy. (See page 151)

Mr. Nabakowski, the FX trader at the Bundesbank was pleased to make my acquaintance over the phone, but advised me that the Bundesbank was not participating in the market on this day. I hung up, thought about the situation and heard my inner voice telling me something. This might be the day on which the Germans will revalue the mark, putting down the value of the dollar. I already had my usual long position of about $ 1.5MM plus the $ 350,000 I had just bought. That gave me a total long position of $ 1,850,000. This meant that I had to sell about $ 2MM in order to turn my long position into a small short position in dollars.

Buying Large Amount of Marks from Stinnes Bank Just Minutes Before Revaluation Was Announced

I called my competitive *friends* at Stinnes and asked whether they would buy from me $ 2 million for value Wednesday, March 8, which would be the standard spot value date when trading began again on Monday, March 6.

Stinnes was smart. Like everybody else they knew that at the beginning of the week, early Monday morning, the FX rate for dollars often would jump up as high as 4.1750 when people would cover their speculative short dollar positions they had maintained over the weekend. Against that background Stinnes agreed to buy from me $ 2 million at 4.1701.

A couple of minutes later the FX broker called and advised that the mark had been revalued, and the new parity for the mark against the dollar was DM 4.0000, which was down from 4.1700.

I breathed deeply and thanked God that just a couple of minutes earlier I had managed to sell my long position in dollars, and even went a little short. Instead of losing DM 315,000 (DM 0.17 per dollar) on my $ 1,850,000 long dollar position I made a small profit on my $ 150,000 short dollar position.

I went to my boss Ted Harpham and told him what happened. Once he understood, he showed his Brazilian experience. “How can you prove that *you sold dollars to them*? Maybe they will say that *they sold dollars to you*.”

I quickly saw his point. In 1961 there was no taping of phone lines yet. I did the following: On the phone I had told Stinnes to pay my marks into my account with Deutsche Bank. I got Stinnes on the telex, repeating and referring to the trade we just did, and asked them to pay my marks into my account with Dresdner Bank instead of Deutsche Bank. They responded by saying, "OK. Will do. Have a nice weekend." Now I had the trade documented.

Ted Harpham at office party in 1962

A week later on Monday, March 13, Harold Swenson received a copy of a letter sent by Mr. Stinnes to George Moore, the President of Citibank in New York. Mr. Stinnes described what had happened. He also described the very good relationship Stinnes had with Citibank over the years. He mentioned that they had released me from a three-year contract to join Citibank's new Frankfurt Branch, and how I had taken advantage of them on that Saturday morning of the mark revaluation.

In his letter Mr. Stinnes stated that I had "begged his traders to buy dollars from me." Mr. Stinnes also stated that we were of course well informed because of our location in Frankfurt right next to the Bundesbank, whereas his traders were just a bunch of boys from the country. In short, he asked for the two million dollar trade to be canceled.

This letter caused a lot of activity in Citibank. President Moore had handed the letter down to Eddie Reichers who, in turn, asked his London friend Harry Ruddick (see photo on page 163) to fly to Frankfurt and investigate.

Many banks in Germany lost money on that Saturday morning. Also, the whole market knew that I had sold two million dollars to my previous employer, Stinnes, just minutes before the revaluation of the mark was announced. The fact that I also bought dollars from Frankfurter Bank that morning was completely unknown.

There was a movement among some German banks to put me in front of an Honor Court of the international FOREX Club. All of this was not pleasant for Citibank. The bank had opened in Germany only a few months prior and expected to do a lot of business in this post-war German miracle economy. Canceling the trade and taking a loss of DM 315,000 ($ 79,000) was not a large amount for Citibank as a whole.

They had hired 24-year-old me only a few months prior. Why not just cancel the trade, fire me, get rid of the problem and get on with life? That certainly would have been one possibility that occurred to me.

London investigator, Harry Ruddick, asked me whether I actually knew that the mark would revalue. I said, "Of course not." I just connected a few points and listened to my inner voice. The reason why the Bundesbank did not trade with me could have been that they simply did not want to buy dollars from Citibank. After all, we had committed to not bringing dollars into Germany. In fact, the Bundesbank had never traded with me before.

Harry Ruddick looked at the facts:

- Stinnes had confirmed the trade in writing
- They paid to us the more than 8 million marks due us

What bothered Citibank was that Stinnes said that I had *begged* them to buy dollars from me. Citibank was proud, and Citibank would not beg anybody to do anything.

Well, that bothering point was masterfully countered by my boss Ted Harpham. He noted that the trade was done at 4.1701 or 0.0001 *above* the lower intervention point of the Bundesbank. Ted concluded that if I had really begged them, they would not have paid a premium over the lower support level of 4.1700

This very logical point did it. When Hans von Fluegge (the Head of the German desk in New York) brought the matter to Walter Wriston (who, at that time, was the Head of everything international at Citibank) Wriston said, "Well, it seems that this guy Riehl got up early that morning." (See photo of Hans von Fluegge on page 180.)

Wriston dictated a response to Mr. Stinnes right then and there. Of course, Citibank Frankfurt received a copy of that important letter. I will never forget the key sentence of that letter: "Isn't it true that whenever there is a trade done, each side believes it has an even better understanding of the situation? However, obviously, only one side can be right and make money. While I admit that, in this case, the price change was a little larger than usual, it is still no reason to cancel the trade. Therefore, we will stick to the trade and not cancel it."

When Stinnes got that letter, they increased their public campaign against me – however, without success. The market was smart enough to not agree with tiny Stinnes Bank, but instead to side with the professional decision of giant Citibank.

Stinnes closed all accounts they had with Citibank worldwide and broke off any kind of relationship and communication. They had several credit lines, all of which remained unused from then on into the future. In fact, the Stinnes Bank went broke later that year and Citibank had nothing outstanding with them and did not lose one penny on their bankruptcy.

This was an interesting story that could have cost me my job with Citibank just months after I joined them.

Citibank Frankfurt staff 1963

Above is the staff of Citibank Frankfurt in 1963. The photo shows branch management in dark suits seated at the table in front. They are from right to left: Bruce Williams, Bernie Nix, Harold Swenson, Phil Vance, and me.

Family Life after Move to Frankfurt, 1960

Karin was busy with son Heinz during the day. She suffered from not being with her mother that much anymore. We developed friendships with a few people with whom we had dinners at our respective houses.

Me helping little Heinz to walk 1961

Ignoring First Signals of Work / Life Imbalance

My mind was very much absorbed with my rapidly growing and ever-changing Treasury business at Citibank. Friday, December 23, 1960, was the date we closed the Citibank books for the year. This was a little more than two months after the branch had been opened. When I came home on that Friday evening at about eight o'clock Karin had already put up the Christmas tree and was sitting under the tree crying. She was not happy and was homesick.

That was the time when the two of us should have tried to answer the three important questions I learned about years later in 1974 during my 14-week Management course at Harvard Business School:

- What do you want from life?
- What does your company want from you?
- How do you combine the above two?

I had learned from my mother that it was important in life to succeed. For me it was a no-brainer to take advantage of this great opportunity at Citibank. It was a tiny branch of the world's biggest bank in post war booming Germany. I was the right person at the right time in the right *place. I had to take advantage of this for a few years to be successful and make money. I also very much enjoyed what I was doing.*

I took it for granted that Karin agreed with that. I found out later that she did not want that kind of a life in the fast lane. That evening, there were the first signals; but to me it seemed so obvious what I needed to do that I ignored them.

Buying Land and Building House in Hofheim / Taunus, 1962

In early 1962, I heard of land available in the town of Hofheim am Taunus. I went there to see it and bought about 800 square meters or 1/5 of an acre at 33 Herderstraße. Hofheim was a nice upcoming suburb. It was not as famous and chic as Bad Homburg, Königstein, or Kronberg. However, I liked it. The land was about a 20-minute walk from the train station. It was a 20-minute train ride into Frankfurt, and another 15 minutes to walk from the station to the Citibank office.

I hired the local architect Mr. Hubert to design and build a house exactly the way Karin and I wanted it. It had two levels, three bedrooms, two baths and a very large living room by the standards of that time. There also was enough space for gardens and plantings in front, on the side, and behind the house. As equity for the house, I used most of the money I inherited when my father died and my mother remarried.

In 1958 my mother had married Dr. Gerd Moeller. She met this gentleman while skiing in the Winterberg Mountains in the Sauerland. This was the best thing that could ever have happened to my mother. She moved for a few years to Gerd's hometown, Dortmund, and was very happy. See what I had to say about that part of mother's life in my 1988 speech for her 80th birthday (in Appendix[17]).

My personal finances are another funny thing. I never spent irresponsibly, and I saved money whenever I could. However, I also anticipated higher income in the future from my obviously very successful career at Citibank. Intuitively I knew exactly what I could do and what not. I had confidence in my financial future and pretty much did for me and my family what I wanted to do, within reasonable boundaries.

I was proud and happy that at age 26 I was able to build this kind of a house. Karin and I jointly owned the property. I believed it was the normal thing to do and did not give it much additional thought.

In spring, 1963, we moved from the Frankfurt apartment into our new house in Hofheim. There were many new houses in Hofheim and, consequently, also many young people looking for new relationships and friendships.

Hofheim house

Our Neighbors and First Friends / Mr. & Mrs. Neumann and Son, Udo

Our first friends were the family directly across the street from our house. They were Mr. Werner and Mrs. Herta Neumann and their son Udo. The parents were almost twenty years older than Karin and me, and their son Udo was about seven years younger than we were.

The Neumann's house had been built two years prior to ours and their garden was more developed and grown in than ours. The norm for men in that area in the evening before dinner was to stand in the street and water the front lawn and bushes. There were no sprinkler systems yet. The type of a sprayer one had at the end of the water hose was almost a status symbol. Sophisticated sprayers had the ability to fine tune the water to come out as soft rain or as a strong stream or anything in between. It was almost like you show me yours and I show you mine.

That is what father Neumann across the street and I did almost every evening. He also told me some secrets about how to grow and fertilize the bushes, and I viewed it as perfect relaxation after my day at the office. The Neumanns also liked to drink wine and tell funny, often sexy, stories. We both knew plenty of Eugen Roth poems. We also enjoyed citing the little book, *In diesem Sinn Dein Knigge zwei – Humor in allen Liebeslagen*.

In 1964 Karin and I were 27 and 28 years old respectively and son Heinz was 4 years old. When we needed a babysitter, young Udo Neumann was readily available. We had a nice TV set, so for that reason alone he liked to hang around our house when we were not there.

HR with Karin and son Heinz, 1964

We also joined the Hofheim Tennis Club, and I won the Singles Club Championship immediately after joining the Club in 1964. There were many new contacts and certainly Karin had more things to do during the day than was the case in Frankfurt.

There were frequent visitors from Citibank New York who all wanted to see our new Frankfurt Branch. I made it my business to find out the details of their arrivals at the Frankfurt airport and to pick them up. They would often arrive in the afternoon and I asked them about plans for the evening. If they had nothing planned I offered to take them to dinner, which they of course gladly accepted. I always took them to our branch's favorite restaurant Brückenkeller, which was indeed in a basement and had served as a cloister centuries ago. All of this had great appeal to my American friends. Needless to say, I found out a lot of information about the bank and, more importantly, they also got to know me.

Brückenkeller restaurant
From left to right: Harold Swenson, Bernie Nix, Jack Arnold (new head of Euruope), HR, Ed Thorne (past head of Euurope), Bruce Williams, unknown, Ted Harpham

Once we had the house in Hofheim, I often took overseas visitors there. Karin was always a good hostess and it added a personal touch to my relationship with the people from Head Office. I bought little national flags for all sorts of countries and put them on the table at dinner – the flag of his country for each guest – which made the respective guests feel more at home.

Tennis after My Years as a Junior

Tennis had been a central part of my life since I began to play in 1950 at age 14. As I played singles almost exclusively for several hours every day, it provided prime physical exercise. It also formed my social behavior and led me into the company of influential people who, in the end, played a key role in getting me out of the bakery and into banking.

From a competitive viewpoint I was proud of my record:

- Ruhr district Junior Champion 1952 – 1954 (age 16 – 18)
- Rhine district Junior finalist 1954
- German Junior championship third place in Doubles
- German Junior Team championship Finalist 1951,
  Winner 1952 – 54 (to this day an unmatched record)

After 1954 I was not a junior anymore. In addition, I began my banking apprenticeship in April of that year and there was less time for tennis.

Rejoining My Original Club, Rot Weiß
Winning Club Championship 1955 – 1957 (Age 19 – 21)

Dr. Kalmund and his Kahlenberg Meden team had achieved the goal of rising into the highest German Meden class. There was less need for me to play on the Kahlenberg team, and I moved most of my play back to Rot Weiß. During the three years 1955 – 1957, I won the Club championship at Rot Weiß each year and was proud to have my name on that trophy.

Mother and Cousin Renate with Rot Weiß trophy (1989)

This trophy in many ways is my most important trophy ever. Looking at it reminds me of my beginning days in tennis, which paved the way out of the bakery, i.e. transported me from baker to banker.

This particular trophy was a *Wanderpreis,* i.e. not designed to be won with finality by anyone. It shows the names of the Rot Weiß Club Champions since 1938, including my name for 1955, 1956 and 1957 when I was 19 to 21 years old. Those were the first three years when I no longer was a junior. Sometime in the 1960s they created a new trophy, and the trophy with my name on it just stood in the showcase and nobody cared for it. I did not play much competitive tennis in 1958 because of the two months training at Credit Lyonnais in Paris. There also was not much tennis in 1959 because of the two months training at Citibank in New York. Training in London and the subsequent move to Frankfurt dominated most of my time in 1960.

In spite of my move to Frankfurt, I remained a member of Rot Weiß, paying the full membership fee even though I never played there and could have paid the fee for non-resident social members. I also made contributions to the club repeatedly when they needed money. The money I gave was used to support and advance junior players. I still remain a member to this day.

I often dined at the Rot Weiß Clubhouse when I was in Mülheim. On such occasions, the clubhouse manager would take the trophy out of the showcase, clean it, and then we drank from it.

Trophy Gifted to Me in 2010 Will Serve as Urn to Hold My "Cremains"

I always wanted to have that trophy, but there was no way of getting it. I wanted it so badly that I even considered stealing it. But of course each time that thought came up I immediately discarded it again. Then, in 2010, I invited the leadership of Rot Weis to celebrate my 60th anniversary as a member of the Club. To my big surprise, the President of the Club presented me with that trophy, which made me enormously happy.

This is another proof that when you firmly put your mind on something and want something badly, it will happen, i.e. *the power of positive thinking*. (See also page 438 and read how it happened that Jill and I were able to play golf at Augusta National Golf Club.) This basic belief was central in Holiday Greetings Jill and I sent to our friends in 2005:

There is a law in psychology that if we form a picture in our mind of what we would like to be, and we keep and hold that picture there long enough, we will soon become exactly what we have been thinking. (William James)

The danger for most of us is not that our aim is too high and we miss it. Instead, the real danger is that our aim is too low and we reach it. (Michelangelo)

If we can dream it, we can believe it, and if we can believe it, we can do it. (Robert Schuller)

You can see the presentation of the trophy in the photo below.

Heinz Riehl, Sybille Schwalemeier and Achim Conzen, club president, celebrate Riehl's 60 years of membership at MTC Rot Weis Raffelberg. Foto: Kerstin Bögehol

Tennis has been very important in my life, and it all started at the Tennis Club Rot Weiß Mülheim-Ruhr. The trophy above was lifted by that club's mens champions every year from 1938 through 1968, including by me when I won it in the three years 1955 – 1957.

My success in tennis opened important doors in my professional and social life, and I view this trophy as the symbol for that success. Therefore I decided to use this trophy as the urn to house my remains after my cremation, i.e. my "cremains".

More FX Trading at Citibank Frankfurt

On November 22, 1963, President Kennedy was assassinated. On that evening there was a party at the small Clubhouse of the Hofheim Tennis Club. Karin and I went to attend and left Udo Neumann to babysit for Heinz.

When we arrived, my friends asked me, “Have you heard of President Kennedy?” I thought this was the beginning of some story. When they told me he had been shot and that they were not kidding, I immediately had two reactions; First, I felt sorry for Kennedy who was very popular in Germany. Second, I thought of my long dollar FX position. When the American president is shot, it is bad for the dollar and the FX rate will go down.

I quickly went back to my house to telephone Eddie Reichers in New York and to sell my position. (There were no cell phones yet.) When “babysitter” Udo opened the door, he immediately told me that Kennedy was dead. This was new information, because initially I had only heard that he had been shot, not that he was actually dead.

I immediately called Citibank New York and had no trouble getting through. When Eddie answered the phone he did not know yet that Kennedy was dead. He learned it from me in Germany. He contacted the Federal Reserve Bank and sold my dollar position to them; I did not suffer any loss.

In this situation, speed was of the essence. Minutes later, due to the high volume of calls, Europeans could no longer phone the USA without major delays. As I said earlier in this book, FX trading is a game of the quick and the dead; you have to be quick, or you are dead. This story is another proof of that.

Creative Way of Getting Approvals from Citibank New York for New Types of Transactions

My ideas for foreign exchange transactions and money market transactions were very profitable, but totally new to Citibank.

None of this speculative and proprietary trading had ever been done anywhere in the world in Citibank and, therefore, each step had to be approved in New York. Those approvals had to be obtained in writing, using the telex machine as the communication device.

The hierarchy in New York was: Head of Europe, Ed Thorne; Head of Central Europe, Larry Heath; Head of German desk, Walter Albrecht, and Hans von Fluegge, assistant of Walter Albrecht.

(Reference from page 184)
Fluegge had been born in Germany. His parents were Pommern land owners in the very East of Germany and were murdered by Russians in front of his eyes. He escaped to the West and passed an apprenticeship with commodity trader Alfred C. Toepfer in Hamburg. At that time he saw the names of two banks on the U.S. letters of credit, Citibank and Chase Manhattan Bank.

After his apprenticeship he decided to immigrate to the USA. As he did not have any money, he got on a ship and washed dishes to pay for the fare. Once in New York, he visited Chase, the first of the two banks he knew. He went in and asked for the personnel manager to be interviewed for a job. That person was out for lunch. So he went to Citibank, where the personnel manager was not out to lunch.

He was hired in the operations department and soon became very bored with his job. Occasionally he saw small groups of people coming through his operating area dressed in dark suits. One day he asked his boss who these nicely dressed people were. His boss said, “Our bank hires two types of people; college graduates, who become officers and are slotted for a more senior career, and others like you who are the work folk.”

Armed with this information Fluegge enrolled in the undergraduate program at New York University (NYU) and got his four-year bachelor degree in three years. He raised the money driving taxis at night in New York and working in Citibank’s operations department during the day.

When he had his degree he went back to the personnel guy at Citibank and told him about his experience three years prior. “You were nice to me for telling me how things work here. Thank you. Here is my degree. I would like to be transferred to the German desk in the European district and I would like a commensurate new salary. Please understand, I am not asking for an increase, I would like a new and different salary. You have one week to decide. If you do not take me, I will go to Chase Bank, which will take me at once.” Within a few days Citibank gave him what he asked for. It was this guy Hans von Fluegge who received my almost daily requests for approval of new fancy financial acrobatic transactions, including the year-end deals.

It was at this time that I learned to articulate proposals so clearly that anybody could understand them. That did not happen overnight. I had to learn it the hard way. Every morning when I came into the bank I rushed to the telex machine to find out whether the people in New York had approved what I had recommended. Many times they had just one more question. It was not that they were stupid; usually I had simply forgotten to cover one risk area. In addition to interest rate and FX rate risk, there was also credit risk as well as trading-liquidity and funding-liquidity risk to consider. When people say today that I can explain things in simple terms, I believe that was when I began to learn how to do this.

"***Eliminating the need to think"*** is what I call that today.

Hans von Fluegge came to visit Germany and we quickly became friends. I used this friendship as follows: Staff members at Citibank Frankfurt were not allowed to phone Citibank New York's European district people because they did not want to be faced with questions to which they might not have immediate answers. All proposals had to be submitted in writing. However, I was allowed to phone my friend Eddie Reichers at New York Head Office to trade foreign currencies exchange with him.

So I called Eddie and asked him to find out if Hans von Fluegge was at his desk in the European district. If Hans was available, Eddie would transfer my call to Hans and I discussed with Hans my latest ideas. Once Hans understood what I wanted to do, he might modify the request a little because he knew what the seniors in the European district were looking for. In some cases, he would even dictate over the phone the exact wording for me to use when I submitted my request in writing to him and his senior colleagues. Surprise, surprise, my requests were usually approved quickly, and the seniors may have been impressed that I had thought of all angles and risks of the transaction.

Hans von Fluegge (right) with my family – 1964 (page 167)

Lesson Learned From My Boss Ted Harpham

The dollar versus DM FX rate was usually at 3.9700, which was the point at which the German Central Bank would support it and buy dollars. I had a limit for net long positions in dollars of $ 2 million. I used most of that amount to buy dollars forward at a discount, i.e. at a price well below 3.9700. I waited until the forward trade matured and then sold the dollars at the spot rate of 3.9700.

One day the trader of another bank approached me and proposed that I buy a large amount of dollars, value one month forward, at a rate well below 3.9700. I explained that I did not have a limit for such a large amount, say for example ten million dollars. The other trader said, "You see, we will make a verbal agreement just between you and me. I trust you. Because our agreement is verbal and not in writing, nobody in your bank will ever know about this trade. And when the verbal forward contract matures we confirm our verbal agreement as a spot contract, and on that same day you sell the ten million dollars in the spot market and make the profit."

This proposal made enough sense to me so that I discussed it with my boss (and friend) Ted Harpham. Once he understood what I was proposing he made me sit down at his desk. He shook his head and gasped for air and then he said, "Schweineschnitzel, i.e. pork chop (my nickname), <u>you just can't do that!!</u>"

Then he went on to explain, "If it works and there is <u>no</u> revaluation of the mark putting the dollar down to a much lower level, we will make so much money that people in New York will know that we exceeded our limit; with our much smaller limit it would not have been possible to make such a large profit. So we get caught. And if it <u>doesn't</u> work, i.e. there <u>is</u> a revaluation of the mark putting the dollar down to a much lower level, we will have a large loss that we could not have suffered if we had stayed within our limit of two million dollars. So we get caught one way or the other."

And he continued: "Therefore do not do that." And then he added the words I have never forgotten and they are so true: "After all Schweineschnitzel, it's just money!!"

It's just money!! Many people do all kinds of stupid things, just for the money!!

The Thursday / Friday Transaction

Given the wonderful things I did in the German financial market, Citibank sent me to New York Head Office for one week in 1961 to observe things over there.

On the morning of the first day I found myself at the overnight dollar money market desk sitting next to the guy who handled the business there. He had just placed $ 10 million with Chase from today (Monday) until tomorrow. This was easy to understand and not different from what I was doing in Frankfurt with marks.

So I was sitting there and did not know what to talk about. Suddenly I remembered another good piece of advice from my friend and boss Ted Harpham. He said, "Always try to understand the operational background of transactions, what actually happens in the back office." So I asked my friend, "How does Chase actually get those ten million dollars you just placed with them from value today until tomorrow?" He said, "We instruct the Federal Reserve Bank (American Central Bank) today to debit our account and credit the account of Chase." Then I said, "And tomorrow Chase will instruct the Fed to debit their account and credit our account?" And to my surprise he responded, "No, Chase will send us their check today." And I said "You mean Chase will send us their check tomorrow." And he said, "No, today."

Now, I was confused. If we lend to them today and they give us their check today, then it would appear that they would never have use of the money. The answer had to do with the fact that at that time the US still had two types of Funds: Federal Funds, which was money that could actually be used for investments value today and Clearing House funds that would become good Fed Funds on the following business day.

Most payments in the US, including all payments originated by trading in offshore dollars, or Euro dollars as they were called, were settled in Clearing House Funds. However, in terms of good usable Fed funds, all payments were made one day late.

Once I understood this I recommended and received approval for the following transaction to be executed every week in Frankfurt:

- Borrow from other banks $ 50 million from Thursday until Friday and pay interest for one day on $ 50 million.

  <u>Payments in Fed Funds were made one day late</u>. Therefore, Citibank New York had $ 50 million of good Fed Funds available for the Friday to Monday period, i.e. $ 50MM for three days or $ 150MM for one day.

- Place $ 25 million with other banks from Friday until Monday and receive interest for three days on $ 25 million.

  As payments in Fed funds were made one day late, Citibank New York was out of good Fed Funds from Monday to Tuesday, i.e. $ 25 million for one day.

Summary: As a result of these transactions, Citibank New York had $ 50MM every week for three days (equal to $ 150MM for one day) free of any cost, and was out of $ 25MM for one day. That was a net of $ 125MM for one day every week free of any cost. At 5% interest, that equals a weekly profit of $ 17,500 or $ 910,000 per year. If I add the small profit we made on these transactions in Frankfurt, the total profit was well over one million dollars, completely free of any risk. And this was in the early 1960s or over 50 years ago when one million dollars was an enormous amount of money.

At that time in 1962, the entire annual pre-tax earnings of Citibank worldwide were about $ 200 million. Therefore, the annual profit of $ 1 million resulting from the above described Thursday/Friday transaction equaled about ½% of the bank's total annual earnings.

What I liked about it was the cleverness with which that profit was made. It was the hallmark of my money making at Citibank, similar to the year-end transaction described on page 160. This was dramatically different from speculating, i.e. just buying something, letting time pass, and hoping to sell again at a profit.

Over the decades of my time with Citibank I applied the type of money making described above to the almost one hundred countries in which Citibank had branches. That was why the bank asked me to travel globally, observe what the market was like in a particular country, and then make my recommendations as to how we could profit from the available opportunities.

Combining the Thursday / Friday Idea with Year-End Transactions

The size of my year-end transactions (page 161) grew to a level where Citibank London did not want to pre-commit the availability of dollars over year-end anymore. However, that problem could now be solved easily.

I simply arranged with Citibank New York to be officially overdrawn in the account of Citibank Frankfurt at Citibank New York for the December 31 – January 2 period.

The dollars which Citibank New York was paying out on December 31 on behalf of Citibank Frankfurt were Clearing House Funds, which turned into good Fed Funds only on January 2. By January 2, Citibank New York had already consummated the financial year-end and was not worried about a larger dollar outflow anymore.

In other words, I structured my year-end transactions in such a way that I used the mark equivalent of dollars sold value December 31 in Germany on that very important day. However, the actual outflow of good Fed Funds dollars at Citibank New York did not occur until January 2.

My game lasted about three years. Gradually the interest rate for Thursday / Friday dollars began to rise, and the interest rate for Friday / Monday dollars began to decline. Finally at an international FOREX meeting, a panel of experts discussed and explained the phenomena. Since that time, the market was parity. This means when interest rates were basically 6%, the Thursday / Friday rate was 18% (3 times the standard 6%) and the Friday / Monday rate was 2% (1/3 of the standard 6%).

All of this stopped in the late 1970s when the use of Clearing House Funds was eliminated for wholesale dollar payments. Since that time all payments in the USA are made in Fed funds.

Moving out of Treasury and Becoming a Banker

As my business was growing, I hired two more traders: Fritz Menzel from Frankfurter Bank and Ernst Brutsche from Dresdner Bank. Both turned out to be fantastic. Ernst eventually went to Brussels to become our Treasurer there. Fritz Menzel became my successor as Treasurer for Germany in 1964. Citibank wanted me to move out of the trading room and become what they called a general banker, making loans and cultivating customer relationships.

Beginning in 1963, Hans Fluegge (See page 178) visited Germany every year for one month to call on Citibank's multinational customers in Germany. These were companies like Bayer, BASF, Siemens, Volkswagen, BP, etc.

I escorted Hans on these visits so that I could follow up later after his return to New York. His story was always the same. He would say: "We at Citibank New York lend money to you around the world, including Cruzeiros in Brazil and Pesos in Argentina. We now have a branch in Frankfurt and believe it would be fair for you to give some business to us in Germany." I usually added that we did not want to be their principal or

House Bank, but we would be grateful and happy with the *bread crumbs falling from the rich man's table.*

Hans and I typically spent one week each in the South like Munich/Stuttgart, the North like Hamburg/Bremen and the North-West like Düsseldorf /Cologne. In addition, we also called for one week on customers in the Frankfurt area. Hans and I did this in 1963 and 1964 and I learned so much from him in many different ways. I learned about Citibank, the USA, and life in general. There were all those dinners we usually spent alone. It was unbelievably educational for me and also a lot of fun.

In 1965, Harold Swenson retired and Hans von Fluegge came to Frankfurt to take his place. At that time Fritz Menzel had already formally taken over Treasury from me, and I was officially appointed the Head of Corporate Banking for all of Germany.

Six Months in New York at Citibank Head Office, 1965

To turn me even more into a Citibanker, I was asked to spend six months over the summer of 1965 with Karin and Heinz at Citibank in New York.

There was no precedence for this. Americans had for many years lived abroad and received special payments for housing, schools, cars and culture shock etc. Non-Americans had never been assigned to live in the USA. Larry Heath, head of central Europe, did not know what my housing allowance should be. He just asked me to find a place to live and tell him what it costs.

I found a wonderful apartment at 150 E 61st Street between Lexington and Third Avenue. It had two bedrooms and all the other nice stuff including a *Princess Phone*, which I had never seen before. The location was only seven blocks from Citibank at 399 Park Avenue and 54th Street and easy to walk to.

It was also very centrally located so that Karin and Heinz could comfortably explore New York City. The cost was a steep $ 400 per month (this was 1965) and Larry approved it on the spot.

Unfortunately, Karin developed a painful inflammation of the veins and went back home again with young Heinz after two months. The Doctor said that walking on concrete in the heat of Manhattan was to blame.

Citibank wanted to use my stay in New York to *Americanize* me. Therefore they sent me to New York University for two months to attend an American History class. As it turned out, history was the content of the course, but its real purpose was to teach American English for foreign Students. (Reference from page 364)

Foreigners who wanted to study at NYU had to pass this course to prove that their English was good enough to study there. My Professor was Ms. Coit. She taught me to say *gimme* instead of *give me* and *wanna* instead of *want to*.

Classes ended at 3:00 pm so that by 4 o'clock I showed up in the bank again. When my friends at Citibank asked me how school was going I responded: "I wanna talk to ya for a couple o minutes." Apparently this came out so well that they did not hear that I was only giving them an example of what I had learned. I also learned idiomatic expressions. For example instead of saying, "Let's try it", I would say, "Let's run it up the flag pole and see if it gets a salute", or "Let's put it out on the back porch and see if the cat will lick it."

All of this was wonderful, but it did not eliminate my German accent. At the end of the course Ms. Coit told me, "It would be easier for you to learn another foreign language than to eliminate your accent. Forget about your accent and consider it part of your personal charm!"

And that is exactly what I did, and I believe it has worked out well.

During the remaining four months in New York I traveled frequently, accompanying relationship managers when they called on big US companies with offices and subsidiaries in Germany. Here again I learned a lot about all sorts of things that are difficult to pin down.

I remember one trip to Salt Lake City, Utah, where we visited the global headquarters of the Mormons, The Church of Jesus Christ of the latter Day Saints. Their European headquarters were in Frankfurt and Citibank Frankfurt had their account. The Finance VP of the Church showed me the famous Tabernacle, which, according to the Hebrew Bible, was the portable dwelling place for the divine. I was impressed with everything I saw and shared my good impressions with our host. Apparently I did too good of a job because once I was back in New York representatives of the Church repeatedly contacted me trying to convert me and recruit me as a member of the Mormon Church,

Returning to Frankfurt From Six-Months Stay in New York; Taking Responsibility for All Corporate Banking in Germany

In the fall of 1965 when Hans von Fluegge replaced Harold Swenson as Manager of Frankfurt Branch, Hans really began to push the corporate customer business of Citibank in Germany. However, most of the customer activity was short term (usually three to six months) deposits or borrowings and foreign exchange trading. That was exactly the type of business I knew very well. When I was still in the Treasury Department, I had been doing this business with other banks.

Now, Citibank Frankfurt was doing it with the large corporate customers in Germany. So it was only natural that I was formally appointed to be in charge of all corporate business for Citibank in Germany. This required me to travel all over Germany about 70% of my time.

I bought my first own car, a pre-owned Mercedes 220S. It looked and drove well. It was white with red leather interior. Citibank, as many companies still do today, paid a certain amount of money per mile, which was enough to pay for the entire car.

Whenever I traveled, I took one of the American Harvard MBAs along with me. One such person was Bruce Williams. They knew a lot about the general conversations one had to have with our customers. This included topics of world events like the emerging drilling for oil in the North Sea and what business and expansion plans our customers had in the world. I learned a lot from these situations. However, after all that smart talk the actual business done with these customers was usually FX and money market type business; and my smart Harvard MBAs had no clue about that. I had the final say on the rates quoted and the amounts and maturities for those transactions. And that continued to build my power base outside the dealing room. I was in charge of the *Corporate Bank.*

End of Marriage with Karin, 1966

It is obvious from the description of my business activities that I was not home that much during the week. In retrospect I have to say that I undermanaged my family life and focused too much on my Citibank career.

There came a day in spring in 1966 when I returned from a three-day business trip to my Hofheim house. Karin and Heinz were not there. Instead I found a letter from Karin in which Karin informed me that she and five-year-old Heinz had gone back to stay with her parents in Mülheim. She wanted a divorce.

Obviously this was a shock for me. Here I was alone in that big beautiful house. The divorce proceeded. I had to give to Karin half my net worth, which at that time was mostly tied up in the Hofheim house. In addition, I had to pay alimony for Karin to maintain the *lifestyle she was accustomed to* and for Heinz. In plain language I can say that I lost most of my money, including what I had inherited from my father.

I moved back to Frankfurt and rented the Hofheim house for a couple of years. Ultimately I sold it.

Important Visit from Ex-neighbors in Hofheim: Father Neumann and Son Udo, 1967

Mr. Werner Neumann and his son Udo, our first friends in Hofheim, made an appointment and asked to visit with me in my Frankfurt apartment. It was a rather sober and somewhat depressed atmosphere in which the father advised me that son Udo was soon to marry Karin, my ex-wife. This was only a few months after our divorce had taken official effect. The main purpose of the visit was to assure me that the relationship between Udo and Karin had begun only after the break between Karin and me. It was important for the Neumans to make it clear that Udo was not the reason for the divorce.

I just listened and let the slightly embarrassing visit proceed. I will never know the truth. At the time I noted with pleasure that my alimony payments to Karin would stop.

Meeting Ingrid Walendy and Second Marriage in 1968

It is clear that I hate to be alone. In the bible God said early on "It is not good that man be alone." Therefore, God gave Eve to man. We all know what happened. Pasqual said rather eloquently, "All misery of man comes from the inability to quietly sit in a room alone."

Anyway, I did not want to be alone. I was very busy with Citibank and had little time to find suitable companions, so I put an ad in the Sunday edition of the German newspaper Die Welt (*Welt am Sonntag*) and found Ingrid in the summer of 1966.

She was one of four children. Her father Horst was an executive with the German railroads and rightfully proud of their punctual functioning. Her mother had spent a year for some reason (I forgot) in the USA and was quite worldly for Germans in 1966. One indicator was that she took showers instead of bathing in a tub.

Ingrid had studied home economics in a romantic town called Konstanz at Lake Konstanz (Bodensee) and was quite good in cooking and sewing. She also understood automobiles and was, in general, practical in terms of everything. She had exactly the skills that I had not. She was also a great skier, which she had learned from one of her former boyfriends named Walter Paulus.

Ingrid was five years younger than I and lived with her parents in Essen-Werden, near Mülheim. She was an attractive Blonde and I quickly fell in love with her.

After I sold my Hofheim house, I rented a nice two bedroom apartment in a street called Wiesenau in the center of Frankfurt, just a 20-minute walk from the Citibank office.

Ingrid and I spent time together when my business travel took me to the Düsseldorf / Essen area, or she would visit me for the weekend in Frankfurt. We got married in early 1968.

Tennis in the Mid 1960s

I retained my membership in the Hofheim Tennis Club, even though I actually lived in Frankfurt, a half an hour away by car. In Frankfurt I joined the Forsthausstraße Tennis Club and won the club championship there, too.

In Hofheim I had won the club championship in 1964 just after moving into my new house there. I spent the entire summer of 1965 in New York and could not play in the club championship. However, after my return from New York, I won the Hofheim club championship in 1966 and 1967 and made it to the final in 1968. I was 32 years old.

One of My Greater Tennis Matches
Winning Club Championship and Retiring Trophy in Hofheim

This final was one of the greater matches I played and I want to describe it. The local Bank, Hofheimer Volksbank, had donated a trophy for the men's singles competition. It was a *Wanderpreis* (literally translated a *wandering prize*) that would always go to the winner in a given year. However, if anyone would win that trophy three consecutive times, that individual would get to keep the cup for good. I had won the cup in 1964, 1966 and 1967, which is three times but not three times in a row. Now I was in the 1968 final and had a chance to win the cup the third time in a row and retire it.

Most of the members in the Hofheim Tennis Club had retained their friendship with Karin and were somewhat cool towards me. They also did not like the fact that I played mostly in Frankfurt, but showed up in Hofheim at the time of the club championship.

My opponent in the final was Raimond Kisterman. He was a very good player and had put his name on the trophy in 1965 when I was in New York and could not play. Raimond was a left hander and had a very powerful forehand. My serve was never really good. I always tried to get the first serve in because my second serve was really weak.

I wanted to win that final match in 1968 to retire the cup. The members watching the game knew that too, and they did not want me to win it.

Fortunately, on the weekend of the final match, the son of the club president was visiting. He studied law in faraway Munich and knew very little about the internal politics of the Hofheim Club and my divorce from Karin etc. This young man was appointed to be the referee for my final match.

I lost the first set and was down 3:0 in the second. I was serving in that 4th game of the second set and the score was 30:40: i.e. Raimond needed to win one more point to win that game and take a 4:0 lead in that set. The 30:40 score means that I serve from the left side of the court. My first serve went into the net. Lefthander Raimond Kisterman, my opponent, moved a little closer to the net in expectation of my weak second serve. He also moved a little more to his right, opening up his left side of the court to make it easier for him to return my weak second serve with his powerful forehand. Everybody expected him to take my weak second serve with his strong forehand and immediately score the point, winning the game and taking a commanding 4:0 lead in the second set of that match.

I knew that I was in trouble and decided to really concentrate and do something unusual and unexpected. Instead of trying to hit my second serve softly and carefully to his backhand, I hit my second serve as hard as I could (first serve style) into Raimond's forehand side, which he had opened a little more than normal in expectation of my weak and slow second serve. The ball came across the net like a bullet and hit exactly on the far outside line of the service area.

The young man in the referee's chair must have been as surprised as everybody else. Many people in his position, when they are surprised or not sure whether the ball was good (on the line) or outside (double fault and I lose the game) will say, "Please repeat the serve." Such repetition in this particular situation would of course not be helpful at all for me because I would have lost the element of surprise.

Well, the young man was not surprised. He coolly said, "40:40." In other words, he had seen clearly that the shot was <u>on</u> the line and therefore scored it in my favor.

This was a most pivotal moment. Raimond was so shocked, that he lost this game, this set, and the following third and final set. I won the match and retired the trophy, which has a special spot in my house forever.

Promotion to Manager of New Citibank Branch in Hometown Düsseldorf, 1968 at Age 32

Driven by Hans von Fluegge, Citibank expanded its corporate business. This could not be done effectively just from Frankfurt. As a result, we opened a branch in my de facto hometown of Düsseldorf (only 25 miles from Mülheim).

In May, 1968, I was appointed Manager of the new branch, which officially opened on Monday, November 11, 1968. That is an important day in Düsseldorf because on that day at 11:11 in the morning is the official beginning of the carnival season (Mardi Gras).

I was appointed Branch Manager six months prior to the opening because the manager is responsible for everything concerning that branch. This begins with finding appropriate office space, which had to be on Düsseldorf's prestigious Königsallee, briefly called the 'Kö'.

I succeeded in kicking out American Express on the ground floor and three additional tenants on the floor above to create the total space needed for our purposes. I also hired an architect to oversee the project. This was Mr. Pielen who took a personal interest in me and tried to teach me something about art. He took me to a gallery where we bought two paintings by the same artist. Both paintings were called *Creation Day*, but one painting depicts that event as a big bang and the other one as evolution. I bought the evolution piece for myself and the big bang piece for the bank to be hung in my office. I am an idea man and liked this big bang idea for my office. (When I left Düsseldorf for New York 18 months later, my direct reports bought that painting from the bank at book value and gave it to me as a farewell gift).

I also had to hire staff. I moved a few key people from Frankfurt to Düsseldorf. They were Werner Pingo Kaiser, who did an outstanding job in operations, back office, and human resource management. I also brought with me Martin Maus as my deputy and Dr. Holger von Paucker, a very smart up-and-coming young man. We hired an additional 23 local people so that the branch opened with a total staff of twenty-seven, all Germans with an average age of 26. I was 32 at the time. (See birthday letter from Holger von Paucker in the appendix.[2])

My housing needs were easier to solve than eight years earlier in Frankfurt. As Branch Manager, I was entitled to a bank house. I found an appropriate house in a nearby suburb named Hösel, which the bank allowed me to buy for the bank and renovate so that it was suitable for entertaining customers. I joined the local tennis club and immediately, in 1969, won the club championship.

Certificate that I won the Hösel Tennis Club championship

I also was given a chauffeur-driven Mercedes. The driver, Herr Goebel, drove me to the bank and to customers. In addition, he did all sorts of things from driving my mother when she visited me to buying raw meat for Iro the German Shepherd with a perfect pedigree that I had bought when son Ralf was born on August 8 of 1968.

When I joined Citibank in 1960 and met Branch Manager Harold Swenson, I set my goal: to become manager of my own branch. Eight years later, I had reached that goal.

Michelangelo said: "The real danger is not to set lofty goals and miss them, but to set low goals and reach them." In retrospect, my goal had been set too low. A six-foot man standing at the beach can see the horizon ten miles away. That is how far most people think and plan. There are another twelve thousand miles beyond the horizon before we begin to come back to ourselves again. That is the point one should aspire to explore and reach. I had set my goal to reach the visible horizon.

One More Unusual, Very Profitable Money Market Transaction

Again in 1968, there was major pressure on the German mark to revalue. The Germans resisted that pressure, because an up-valued mark would make German goods more expensive for foreigners to buy, i.e. an up-valued mark would hurt German exports and cost jobs.

As in 1961, foreigners bought marks and deposited them with banks in Germany. This further fueled the German economy, which the German Central Bank and government did not like.

This situation ended with the implementation of very effective capital import controls, (prohibitively high reserve requirements) with substantial penalties for banks in Germany that accepted deposits from foreigners. Against that background, the German Central Bank increased interest rates inside Germany to 10% in order to cool down the economy.

Foreigners still wanted to buy and hold marks but could no longer deposit them inside Germany. They had to find takers of those marks outside Germany, where interest rates dropped to minus 10%. This is a situation where the bank charges the depositor 10% for accepting and holding the depositor's money. For example, when a customer makes a one-year deposit of 10 million at negative 10% the customer receives at the end of the year only 9 million back from the bank. Such a situation is referred to as *negative interest rates.*

A group at Citibank including Peter Klotzsch (See birthday letter[3]), Fritz Menzel, and myself carefully studied the small print of the 28-page book stipulating reserve requirements. There it stated right on the first page, 'Reserve Requirements apply to deposits up to four years .' This was followed by 27 pages of details regarding the percentage of reserves to be kept on demand deposits, savings deposits, time deposits of differing lengths, smaller banks and bigger banks, etc.

The key was that when the deposits were for periods longer than four years, there were no reserves required. Voila! That was the answer. So Citibank Germany contracted with Citibank branches outside Germany, mainly London and Brussels, revolving term loan agreements for 49 months, where the interest period could be reset at Citibank Germany's option any time between one and six months.

This effectively allowed Citibank Germany to take money from outside Germany at minus 10% and lend it inside Germany at plus 10%. We did this business for several hundred million marks and made a very substantial profit.

HR with Peter Klotzsch in Rote Bar at Sacher Hotel in Vienna, late 1980s

Preparing for Visit of Ed Thorn, Head of Citibank Europe

As Head of Europe, Ed Thorn was my big boss. He traveled with his wife, whose grandparents were born in Cologne. They were scheduled to visit Frankfurt, take the train from Frankfurt to Mainz, and continue by boat on the Rhine from Mainz to Koblenz looking at the castles on top of the Vineyard Mountains. From there they would take a train from Koblenz to Cologne, where they wanted to look at the famous 700-year-old Cologne Cathedral. My driver, Herr Goebel, would pick them up in Cologne and bring them to Düsseldorf.

Leaving Nothing to Chance

Everything was planned to the single minute and slightest detail. Ingrid went to Frankfurt ahead of time and took the exact trip the way the Thornes would do it a few weeks later. We wanted to make sure that enough time had been allocated for the transfers from train to boat and from boat to train. An English speaking guide at the Cologne Cathedral was identified and hired for the specific time and day of the Thorne's visit and generously pre-tipped. The guide actually gave the tour to Ingrid so that she could verify that the guide was indeed outstanding.

Life at Citibank Düsseldorf Branch 1969

The total staff grew from the original twenty-seven to about seventy-five at the end of 1969. We were all relatively young Germans and had a lot of fun. By mid-1969, the Düsseldorf branch made more money than the Frankfurt branch. Again, my competitive ego was satisfied.

Staff at Citibank Düsseldorf 1969

This photo shows me in the front center with Dr. Holger von Paucker to my left and Martin Maus on the other side. To the right and left of the staff you can see the famous Düsseldorf Cartwheelers (Radschläger) perform as an expression of joy and to get tips from visitors.

Performance and Fun at My Düsseldorf Branch

The headquarters for Lufthansa were in Cologne and, as such, located in the German State of North Rhein Westphalia. Lufthansa was recreated when Germany became a sovereign state again in 1949. The management of Lufthansa went to Citibank New York and negotiated a large loan which would enable Lufthansa to purchase a start-up fleet of commercial aircraft.

Part of the deal was an unconditional guaranty of the German government. However, the last signature needed for the loan to become effective was from the chairman of Citibank's Credit Policy Committee. He demanded that in addition to the government guaranty there also had to be a guaranty from the German Central Bank. He argued that in Germany the Central Bank is independent. As such, if they did not make available the dollars to pay back the dollar-denominated loan, the guaranty of the government was useless. This was 1949 and Germany and its currency the mark were just evolving from the ashes. This additional request for a Central Bank guaranty was too much for the leadership of Lufthansa.

They took the entire loan agreement lock, stock, and barrel to Chase Manhattan Bank and borrowed the money from them. However, Chase also put into the agreement their right of first refusal for any banking business Lufthansa might want to do in the future.

During the 1960s I had called on Lufthansa's Finance chief, Herr Gebbe, many times along with Hans von Fluegge and the head of our transportation department in New York. We had come up with very creative aircraft financing, but Mr. Gebbe always referred to the right of first refusal of Chase, and no business was done.

One year before I opened the Düsseldorf branch, I took Mr Gebbe to lunch at Die Bastei, a fancy restaurant in Cologne. Herr Gebbe liked oysters, and I arranged with the head waiter to put a pearl into one of the oysters to be served to Mr Gebbe. He was delighted to find the pearl, and I told him that it was a sign from higher powers that he should do business with me.

Finally, on the opening day (November 11, 1968) of my new branch, I phoned Gebbe and told him: "Today is the first day of my new branch in Düsseldorf. I have reserved account number one for Lufthansa. This reservation expires at noon today." After that I hung up to avoid any discussion. I was speculating that he was vain enough to fall for my little game. And it worked. About one hour later he called and opened an account with one million marks in it. However, the more important thing was that he now would do business with Citibank. Chase had lost its exclusivity. This included mark loans from me in Düsseldorf, and the much bigger and more profitable aircraft leasing business with Citibank New York.

By Mid 1969 Düsseldorf More Profitable than Frankfort

In the fall of 1969, almost a year after we had opened the branch, the National Bank Examiners (NBX) came from Washington to Düsseldorf to inspect my branch. It was a great success. At the end of a two-week audit their leader, Hugh Conway, wrote at the conclusion of his inspection report: "The appearance and conduct of the Citibank branch in Düsseldorf is a credit to the institution." Hugh Conway and his wife Misty became friends and we continued our relationship years later in New York.

It was customary in all Citibank branches to hold monthly officers' meetings, to discuss all important issues that come forward. I decided to hold my monthly meetings at my house in Hoesel over drinks and dinner. This was always a 'wet and happy' event where Ingrid always cooked a delicious dinner. The house had a wood-burning fire place, and on one occasion she cooked an entire big ham over that fire.

Initially, at the first meeting in December, 1968, one month after the opening, there were only four of us, Maus, Kaiser, von Paucker and me. A year later that number had doubled. I preferred the much more relaxed atmosphere at my house over the obviously more formal atmosphere in the office. In fact, it happened often that one of the participants would bring up points or say something that he never would have mentioned in the standard office ambiance.

Family Life in 1969

Ingrid got pregnant again and gave birth to our daughter Janine on February 2, 1970. To help with the growing family, and particularly Ralf and Janine, we hired so called 'au pair' girls from England. These are young ladies who come for one year to work in a family and to learn the language of the host country, in our case German. (We continued this practice later in the USA, where we had German girls who came to learn English.)

As I mentioned before, my mother had gotten married to Dr. Gerhard (Gerd) Moeller. She moved to the city of Dortmund into his house, which had two additional apartments rented to tenants.

Gerd had maintained his academic contacts with class mates and other friends who went to the same university. This social life introduced a new and different life for my mother. In those and some other circles she was now Frau Dr. Moeller, as is customary to this day in Germany. (Refer to a speech which I gave in 1988 on the occasion of my mother's 80th birthday. (Appendix[17])

Leaving Germany in 1970 at Age 34:
Move to New York Citibank Head Office

There was a money market for US dollars in the USA, which was the domestic money market, the same as for any currency in its home country. There also was a money market for the US dollar outside the USA in London. Those dollars were called 'Euro dollars' because they were dollars on deposit with banks in London, i.e. Europe. For regulatory reasons, the interest rates for those Euro dollar (Euro$) deposits were a little higher than for domestic dollars deposited in the USA. The interest rates were higher because there were no reserve requirements for those deposits and they were not insured by the Federal Deposit Insurance Company (FDIC).

Until 1970 those Euro$ or offshore dollars could only be deposited in London. This meant that the Treasurer of IBM in the USA had to call a bank in London to make a deposit in offshore/Euro$.

Objective: Create Off-shore Funding Center in Nassau, Bahamas

Big US banks including Citibank tried to ignore or eliminate that Euro$ market in London. When Citibank realized that the Euro$ market would continue to prevail, Citibank decided to create a market similar to the London market in the Western Hemisphere.

They asked me to come to New York and find a country in the Western Hemisphere with a London-type regulatory environment and start a Euro$ market in that country. The answer was the city of Nassau in the Bahamas, which was also in the New York time zone. Citibank already had a branch there that could be used as a booking center for Euro$ transactions done from Citibank offices in New York.

Moving from Düsseldorf to New York was a great challenge and also an opportunity for me. I discussed it with wife Ingrid and, with her approval, our family moved to New York as of April 1, 1970. Son Ralf was 20 months old and daughter Janine was 2 months old.

Janine and Ralf in 1970

My professional enthusiasm overshadowed any consideration as to what it meant for my family to move from Germany to the United States. I looked mostly at the enormous professional opportunity, and my inner voice did not protest against the move. Maybe that voice just subconsciously guided me without me actually hearing it.

As the future would show, *the U.S. is the land of unlimited possibilities, provided that one is able to recognize the opportunities, work hard and take advantage of them*. This is true not only for the immediate material benefit, but also for overall personal development, including getting to know a different language, a different culture, and different mentality of an international set of people and friends.

Farwell Party in Düsseldorf

My farewell party in Düsseldorf was scheduled for Rose Monday, which is the peak of the annual Carnival (Mardi Gras) celebration. This Monday is two days before Ash Wednesday, the beginning of the Lent fasting period and about six weeks before Easter. It is a bank holiday in Germany, and the bigger cities organize big parades with floats making fun of current events and local politicians.

I had invited all my staff and the finance managers of our bigger customers. The party was in the offices of Citibank Düsseldorf on the second floor, i.e. one floor above the ground floor. The huge picture windows were opened and offered a great view down on Königsallee, where the parade was scheduled to pass. I used the event to say good bye to my customer friends and to introduce my successor branch manager, Dr. Holger von Paucker. One of my staff, Herr Keulertz, was a member of the parade organizing committee. He had arranged for the parade band to play one of the hits of the day just as it passed the Citibank offices:

> Wärst Du doch in Düsseldorf geblieben,
> alter Playboy, Du wirst nie ein Cowboy sein,
> wärst Du doch in Düsseldorf geblieben,
> dass wär besser für Dich und für mich
> und für Düsseldorf am Rhine.
>
> (Why didn't you stay in Düsseldorf,
> you old playboy? You will never be a cowboy.
> Why didn't you stay in Düsseldorf?
> That would be better for you and for me
> and for Düsseldorf on Rhine.")

Distraction and Devilish Temptation Not to Move from Germany to New York

In January of 1970, when the public financial markets knew that I was to move to New York in April, I received a call from Mr. Bernie Cornfeld in Geneva. Bernard 'Bernie' Cornfeld (17 August 1927 – 27 February 1995) was a prominent businessman and international financier who sold investments in US mutual funds, and who was tried and acquitted for mismanagement of one of the most brilliant financial successes of his era, International Overseas Services (IOS).

At its peak, IOS employed around 25,000 salesmen who sold a series of mutual funds door-to-door all over Europe, especially in Germany, to small investors. The offerings were popular in the bull market times, and Cornfeld's one-line pitch, “Do you sincerely want to be rich?” became a by-word for its success. He originally targeted US expatriates and servicemen who had no access to US investing, but the main growth of the business came from the public in countries such as Germany and Italy, who until then had no other easy access to investment vehicles of this kind. Cornfeld called it ‘people's capitalism’.

Bernie Cornfield Wanted Me to Run His IOS Bank in Germany

Bernie flew me to Geneva and proposed that I should not go to New York but instead should join his organization. He handed me a copy of the German magazine ‘Der Spiegel’ with a cover story about New York. It described everything that is bad about New York, including the high crime rate and the quality of the air ‘worse than in hell.’

He wanted me to set up a new bank (IOS Bank) in Germany with 50 branches all over the country. IOS had over 100,000 German customers who had bought into their investment funds. These customers were to be contacted and invited to become customers of this new IOS Bank. Not a bad idea. All those people had already made money on their investments, liked superstar Bernie Cornfeld himself, and were likely to open accounts and become customers of the new IOS Bank.

Bernie wanted me to be Chief Executive Officer (CEO) of this new bank and repeat what I had done for Citibank Düsseldorf, but 50 times over; find locations for all those 50 branches in Germany and hire staff. I would be the President and CEO, choose the City in Germany where I wanted to live in an IOS house of my choice and, of course, again have a chauffeur-driven Mercedes.

Bernie offered me a two year contract with an unbelievably high salary. I forget the number, but it was idiotically high, something like $ 250,000 per year – a high multiple of what I would make in New York at Citibank.

My gut, my inner voice, told me that I did not like this man Bernie and the way he did business. I told him about my feelings and asked for so much money that I thought at the time it would be enough for the rest of my life. Bernie responded with a three year contract, the total value of which was an astronomical figure as it appeared to me at the time.

I did not trust Bernie and requested that the equivalent of two years of salary be deposited with an attorney in an escrow account. If my three year contract would not be fulfilled for any reason, this money would be available to me. He offered to put one year salary into such an account. I insisted on two years. He did not accept, and so I did not join him. At the time I told Bernie, "I really don't like the way you do business. If you want me to work for you, you have to buy me and basically give me so much money that I do not have to work anymore for the rest of my life", or so I thought at the time.

Not joining Bernie was a good decision. It proved again that my subconscious mind, my gut feeling, knows what is best for me. The entire IOS organization went broke and out of business in a dishonorable way within two years. One high profile person Bernie had attracted to work for his organization was Dr. Erich Mende, who previously had been Vice Chancellor and the leader of the Free Democratic Party (FDP) in Germany. The reputation of Dr. Mende suffered severely as a result of the IOS bankruptcy.

Over the years I had forgotten this entire episode, but back then it was a very serious temptation and I am glad that I resisted 'Satan' at that time.

Obtaining "Senator" Status at Lufthansa

Negotiating the details of my transfer to New York required me to fly often between Düsseldorf and New York on Lufthansa, the German airline. At that time I always flew first class. It happened that during a conversation with the flight attendants I asked whether there was an even more comfortable way of traveling Lufthansa. I was advised that I could apply to be elevated to 'Senator' status. This provides advantages such as using the Senator (first class) Lounge even when I am not flying first class, check in privileges, extra weight for baggage, etc. The purser on the flight will come to my seat, address me by my name, and encourage me to ask for other conveniences, etc.

To obtain and retain Senator status one has to travel 100,000 miles per year on Lufthansa. I contacted the New York representative of Lufthansa. The lady heard my story and said that she did not think that I would qualify. To reach 100,000 status miles equates to about 10 first class round trips per year between Düsseldorf and New York. Certainly once my transfer to New York was completed, I would not travel enough to accumulate the miles required to gain Senator status.

I asked her to send my request to Lufthansa headquarters in Cologne, Germany, and copy my friend and Finance Chief, Herr Gebbe. A few weeks later the New York Lufthansa lady advised me that I had been approved as a Senator because of 'my ability to induce other people at Citibank to fly Lufthansa.'

Soon thereafter I traveled globally so frequently that I actually reached the annual 100,000 mile requirement and no longer needed Herr Gebbe's support for my status.

I am still a Senator of Lufthansa. In fact, in 2011 Lufthansa advised that I had become a 'Senator for life' because I had qualified for 40 consecutive years as a Senator.

Also, Lufthansa has joined the Star Alliance group of airlines, which means that I enjoy Senator Status when I travel with any of those airlines. Together, they offer convenient and comfortable travel to almost any destination in the world:

- Air Canada, Avianca, United Airlines
- Lufthansa, SWISS, Turkish Airlines, Singapore Airlines
- EGYPTAIR, Ethiopian Airlines, South African Airways
- Air China, Air India, ANA, Asiana Airlines, EVA Air
- Shenzhen Airlines, Air New Zealand

Arriving in New York and Buying a House in Darien, Connecticut

American friends in Frankfurt had recommended that we should live in Darien, Connecticut, one of the premier bedroom communities among the New York suburbs. It was a small town located on Long Island Sound with about 25,000 people, good schools, and its own beach. The New Haven railroad, as the train was called at the time, took 55 minutes with only two stops to get into Manhattan's Grand Central Station. That station was located at Park Avenue and 44th Street, only a nine-block walk to the headquarters of Citibank at 399 Park Avenue and 53rd Street.

It was important to arrive at Grand Central Station and be able to walk to the Citibank offices. People who commuted from Long Island arrived at Penn Station, and people who commuted from New Jersey arrived at Port authority. Both are locations in Manhattan from which they could not walk to 399 Park Avenue. They had to transfer either to busses or take the subway.

Our first house in Darien was located on Sunset Road, a lovely dead-end street with only about fifteen houses. It was a fifteen-minute walk to the train station, which was healthy and convenient and meant that we did not need a second car at that time.

Opportunity to "Do in Rome What the Romans Do"

Soon after we moved into the house in June, 1970, we received an invitation from a neighbor to a Saturday afternoon cocktail party. I did not know what the appropriate attire was for such a party, so I asked a friend in the bank who said, "Go to the Darien Sport Shop and show them the invitation. They will tell you exactly what to wear."

At the Sport Shop owner Steve Zangrillo advised me to wear Bermuda shorts with a sports shirt. I hesitated to wear these relatively long shorts. I was used to tennis shorts, which are about six inches shorter. However, I followed Steve's advice and felt comfortable with his recommendation once I arrived at the party. In Rome you do what the Romans do!!

> This is an important point. As a newcomer in the USA I tried to fit in and do what Americans do. At home I continued to follow and celebrate German customs and traditions.

Ever since that time in 1970 I remained a customer of that Sport Shop. I always took invitations to Steve who recommended the perfect outfit. After some time he knew my entire wardrobe. He would say, "You already have this and this. Buy this shirt or these pants in addition to what you already have and you will be dressed perfectly." I did this until I moved away from Darien in the late 1990s after my retirement from Citibank.

Commuting from Darien to My Office in New York at 399 Park Avenue

In the morning there were trains about every 15 to 20 minutes from Darien to Grand Central Station in Manhattan. Usually I got up at 5:40, left my house at 6:30, and took a train at around 6:50 which arrived at Grand Central around 7:45. That put me at my desk around 8:15. In the evening I usually took a train around 5:25, arriving at the Darien station at 6:20 which got me home shortly after 6:30.

This schedule worked if the train was on time. However, because the trains were old, they often broke down. Particularly in the evening the train was often late, which interfered with the dinner routine and family evening life.

The other challenge in the morning was to get a seat on the train so that I could read The New York Times and the Wall Street Journal, which was a must. The rigidly observed code of conduct was to chat with other passengers for five minutes until the train had reached Stamford. After that, the train went non-stop to New York and there was no talking anymore because everybody wanted to read the papers undisturbed. Remember there was no internet or alternate source of information.

As I said, the first morning challenge was to get a seat. Many times I did not get one and instead sat on a little tripod that fit into my briefcase. This was quite a change from the chauffeur-driven Mercedes that had been taking me to my office in Düsseldorf. However, this was now Citibank Head Office; I had a much bigger job and the potential to make much more money. I was happy and looked forward to my job of creating a second London, a Euro$ trading facility in the Western Hemisphere.

Meeting Alex Salomon, One of My Best Friends

Alex came from Russia as a young man and made a fabulous career worthy of being written up one day. He started his career as a junior employee at the accounting firm Peat Marwick Mitchell, later known also as KPMG. Peat Marwick audited the books of Citibank. As an additional service they also prepared the often complex income tax returns for Citibank's international staff. I met Alex in the early 1980s when he prepared my income tax returns. A few years later Alex started his own firm Salomon & Company.

Alex has been of tremendous value in many situations. When I first came to the USA, he advised me that everybody should have a banker, an accountant, and a lawyer. I am my own banker, Alex is my accountant and, in the few situations when I needed a lawyer, he let me use his lawyer. Alex walks on water!! More importantly, however, he and wife Shari are some of our best friends.

Alex Salomon and wife Shari (left)
Guenther Greiner on right

Putting Citibank Nassau on the Map for Euro$ Funding

(Reference from page 152) In April 1970, I sat in a windowless room (another big change from my corner office on Düsseldorf's Königsallee) at 399 Park Avenue together with two assistants to organize a system for taking Euro$ deposits in Nassau, primarily from other banks. All those transactions were done in the name of Citibank Nassau, which became the first offshore booking and funding center in the world. Notable: another first!

Explaining *Country Risk* to the Market, USA vs. Bahamas

I remember the first day and the first transaction when I told my counterparty that I was not acting in the name of Citibank New York but, rather, in the name of Citibank Nassau. There was need for a lot of explaining to overcome resistance. From a credit risk viewpoint, it was customary that people needed limits not only for the *bank* with which they were trading (counterparty risk), but also for the *country* in which that particular branch of a bank was located (country risk). As such, my friends at other banks had limits for trading with Citibank in New York but not for Citibank in Nassau, Bahamas.

So I was in charge of the funding center for Citibank Nassau. What was I funding? There was that magic weekend in the summer of 1970 when about two billion dollars of loans were transferred from the books of Citibank London to the books of Citibank Nassau. We also transferred the corresponding deposits, which Citibank London had taken in the Euro$ market, from the London books to the Citibank Nassau books. As deposits matured after that weekend, one of my jobs was to find new deposits in the market to replace the ones that had matured.

Providing Reasoned Opinions on Trends in Interest Rates

The loans were 'Revolving Euro$ Term Loans'. These loans usually were committed to borrowers for five years; but the interest rate was set at a premium, say 1%, over the London Interbank Offered Rate (LIBOR), and could be reset periodically at the borrowers option for periods between one and six months. For example, if 3-month LIBOR was 5%, the customer would be charged 6% for the next 3-month period. If LIBOR was 5 ½% at the end of that period, the customer would be charged 6 ½% for the next 3-month period, etc.

Interest rates are different for different periods of time, which is called a yield curve. Usually interest rates for longer periods are slightly higher than interest rates for shorter periods. This reflects the larger credit and liquidity risk associated with giving money away for longer periods of time. Here is an example of a typical yield curve:

Time period	LIBOR
1 month	5
2 months	5 1/8
3 months	5 1/4
6 months	5 1/2

If customers feel that interest rates might rise, they would choose at the end of an interest rate period (rollover time) to lock in the new interest rate for a longer period. If the feeling was that interest rates might move down, customers would choose a shorter interest rate period at rollover time.

Of course nobody really knows whether interest rates will move up or down. Therefore, customers would seek information and guidance at rollover time as to what my opinion was regarding the future of interest rates. These were important conversations in which I had a chance to display my understanding of the international market. I could not say, "I don't know", or just say, "Interest rates will move up or down." I had to provide a reason and background for the basis of my interest rate forecast.

The need for these conversations was also the criteria for selecting which loans were transferred from London to Nassau. If the customer contact at rollover time was in the USA, the loan was transferred to Nassau. Given the at least five-hour time difference between London and the USA, talking to American customers was much easier from New York. If the customer contact was in Europe then the loan stayed in London.

I also began to make significant profits for Citibank in the above described funding process. For example, let's say that a customer had chosen to roll over his loan for six months at the rate of 6½% as per the yield curve above. This means that LIBOR at the time was 5½%. I could have taken a matching 6-month deposit at 5½% in the interbank market, thereby locking in a 1% profit for Citibank. This 1% profit would be recorded in the customer profitability account for that customer, but my own funding center in Nassau would have no profit and no loss. That would be okay because, after all, my job was to fund those two billion dollars of loans.

Substantial Gapping Profits from Mismatching Maturities for Deposits and Loans

However, after locking in that particular loan for six months at an interest rate based on 5½% LIBOR, I decided not to fund that loan with a matching 6-month deposit at 5½% but, instead, to fund the loan for only the *firs*t month at 5%. This funding technique is called *gapping,* because when one funds a 6-month loan with a 1-month deposit there remains a funding gap of five months. In doing so I assumed two risks:

- A liquidity risk which was that I would not be able to find any money at the end of the first month
- An interest rate risk which was that interest rates would rise beyond 5½%. In such a case, I would have to pay an interest rate higher than 5½% to fund that loan for the remaining five months, and suffer a loss.

On the other hand, if interest rates stayed more or less the same, or even went down, I would be able to roll over that 1-month borrowing five more times and earn a profit for my Nassau funding center, i.e. the difference between 5½% LIBOR locked in at customer rollover time for six months and whatever below 5½% funding cost I would have during the five months gapping time. These transactions involved similar risks as the year-end transactions described on pages 160 and 183.

This is called speculation or proprietary trading. I expressed it more elegantly as *anticipating the trend of interest rates*.

This kind of speculation was new in Citibank when I started it ten years earlier in the early 1960s in Germany with German marks and the special year-end effect. I applied it now to a two billion dollar portfolio, where an average of ½% per annum spread in the funding process translated into an annual profit for my Nassau funding center of ten million dollars.

To summarize, during my first year in New York by mid-1971 I had:

- Created the Nassau/Bahamas offshore funding center, which was the first of its kind in the world, but was quickly copied by dozens of other banks.
- Established a dialog at rollover time with dozens of customers who were all senior finance officers of major multinational corporations.
- Established a reputation for being able to provide reasoned opinions about the future trend of interest rates.
- Generated $ 10 million in gapping profits while doing the above.

This is another example of how:

I introduced proprietary trading at Citibank, initially in Germany and ultimately worldwide.

From Nassau Funding Center to Corporate Counseling Department

Dollar Detaches from Gold in 1971, Causes Volatility in FX Markets, Dollar Weakens

In August, 1971, one year after I had created the Nassau offshore funding center, US President Richard Nixon stopped the convertibility of dollars into gold. This weakened the dollar versus other currencies. The fixed FX rates prevailing under the Bretton Woods system (See page 288) no longer existed and the dollar began to float freely in the international FX markets driven by supply and demand.

Finance officers of US companies did not really know how to deal with that situation. The US$ had always been a firm point of reference, and there was no need for Americans to understand Foreign Exchange. The dollar was always the dollar and that was it. Now the value of the dollar had become variable, and Americans had to learn how to live with that situation.

The following anecdote describes the situation well:
An American businessman walked down the Champs Ellysées in Paris. He saw a nice dress in one of the windows. Later that day he would fly back home and he did not yet have a gift for his wife. He walked into that boutique and asked about the price of the dress. The answer was, "800 francs." The businessman responded, "How much is that in real money like US$?"

Multi-currency Borrowing Option for Customers

Getting back to my Nassau funding center and the conversations I had with customers at rollover time. In addition to having a choice as to the amount of time for which they wanted to fix the interest period, customers now also had what was called a *multi-currency option*. This meant that instead of dollars, customers could borrow another currency, such as low-interest-rate marks or Swiss francs.

Those two currencies were particularly popular borrowing alternatives because they had very low interest rates, such as 1 or 2% versus dollars at 5%. The reason for those low interest rates was that these two currencies were candidates for revaluation. Therefore speculators *bought* these currencies and then deposited them in hopes of a revaluation profit. Hence the low interest rates.

On the other hand borrowers wanted to *borrow* these currencies at the very much lower interest rate than dollars in hopes that those currencies would *not* revalue, so that the total borrowing cost was lower than borrowing straight dollars. Or, if the interest rate differential between say Swiss francs and dollars was 3% and the Swiss franc appreciated only 2%, the revaluation loss was smaller than the interest rate savings, so that it was still 1% cheaper to borrow in Swiss francs than borrowing dollars.

Need to Forecast Trends of Interest Rates and FX Rates

In other words, at rollover time many customers wanted to talk about the expected trend for dollar interest rates and, in addition, they wanted to discuss the outlook for foreign exchange rates of major currencies against the US dollar. There was nobody except me in the United States, and certainly not in Citibank New York in 1971 – 1972, who could discuss all those points intelligently so that customers could understand the concept and act upon it. I don't mean to sound arrogant, but it was true. Also remember that there was no CNBC, Reuters, or Bloomberg from which to get this information. If there had been CNBC or Bloomberg networks as there are today, I am convinced that I would have been a guest on those stations on a weekly basis.

In addition to the interest rate outlook, the key question always was: Will a possible appreciation of the low interest rate currency:

- be larger than the interest rate savings, in which case I borrow in US dollars, or
- be less than the interest rate savings, in which case I assume the FX risk and borrow in the lower interest rate currency?

All of this had to be discussed and explained to customers in a way that they could understand it. Such understanding was important, because while the people I talked to were senior in their respective companies, they usually still had to explain their actions to their respective boards of directors before they could engage in these types of transactions. Therefore I had to explain it over and over again, using examples and analogies and any other explanation technique I could think of.

I had practiced explaining new types of business and transactions in Germany when the people to whom I had to explain it were my seniors at Citibank New York. Now I had to explain it to my counterparties who were senior finance officers of Citibank's largest and most important customers.

I believe that through all of this I developed the skill to explain complex concepts in a simple way and make them understandable to everyone. At least this is what many people said after they had talked to me and for the first time understood the intricacies of foreign exchange. The fact that I speak with a German accent helped a lot because, in the opinion of my customers, that gave me additional credibility.

As already stated above, in 1971 – 1973 there was no CNBC or Bloomberg or other talk shows covering these topics. CNBC and similar shows began only ten years later in the early 1980s. Therefore, in addition to doing my counseling on the phone at rollover time, the Citibank relationship managers responsible for our entire relationship with a given company, like IBM or Coca Cola, would come to me with the respective company's top finance director to discuss in person the international foreign exchange and money markets.

So, clearly I needed help and hired people who already had some understanding of the subject matter and were willing and able to learn more about it. I also hired people to run the Nassau offshore funding center. The staff working for me allowed me to accompany relationship managers when they traveled all over the USA visiting our customers.

I had been transferred from Düsseldorf to New York in April 1970 and became an Assistant Vice President to set up the Nassau offshore funding center. I had a visitor's visa and was expected to possibly go back to Germany after one or two years. However, given the developments in the markets and my involvement in them, there was no talk at all about returning to Germany. Instead, Citibank helped me to get a Green Card, which in 1971 gave me permanent resident status in the United States.

Promotion to Corporate Vice President, 1971

I was promoted to Corporate Vice President (VP) of Citibank in April 1971. Al Costanzo was Executive VP in charge of all Citibank business outside the USA, including the Nassau funding center. He came to my office and told me about the promotion and congratulated me. After he left I immediately called my mother in Germany and told her the good news. I remember that my voice broke and we both cried for joy on the phone.

Citibank also recognized my performance with attractive compensation. This included increases in my salary and annual stock options. These stock options were very attractive as long as the bank as a whole was successful and the price of the stock rose.

Let me give an example.

- Assume that the current stock price is 10. A valuable employee might be granted the right to buy 500 shares each year for a ten-year period at that price of 10, which is $ 5,000 per year or $ 50,000 for the entire ten year period.

  The employee does not have to exercise any of those annual options until the end of the ten year period. As the stock rises the employee may exercise those shares that are exercisable, i.e. 500 shares for each year that has passed since the initial grant.

- Assume that after ten years the stock has risen from 10 to 20 dollars per share (about 7% compounded annual growth), the employee can exercise the entire 5,000 shares (10 x 500 shares per year) and buy them at the original grant price of 10. This translates into a total purchase cost of $ 50,000 (5,000 x 10).

  As the assumed current market price is 20, the employee can sell the 5,000 shares bought for $ 50,000 at the now prevailing market price of 20 and receive total sales proceeds of $ 100,000. So the employee bought the 5,000 shares at 10 and sold them at 20 for a profit of $ 50,000.

> There is no risk for the employee, because if the price of the stock goes down the employee will simply not exercise the options. As a result, there is no loss but of course there also is no profit.

Valuable employees receive such grants of stock options every year. They are part of the total annual compensation package and help to keep the employee in the bank. If an employee leaves the bank, all the unexercised options are lost. So, stock options are an incentive to stay with the bank. Also they are an incentive for employees to maximize profits for the bank; when the bank's earnings rise, the price of the stock is also likely to rise which, in turn, makes the stock options more profitable.

Family Life in the Early 1970s

I worked very hard Monday to Friday, but enjoyed fun with family and friends some evenings and all weekends. Ralf and Janine grew up bilingual. They had to speak German at home in the house, and they were learning English from their friends and in kindergarten. Ingrid enjoyed the help of German au pair girls, which gave her more time to make friends in our little street, Sunset Road, and elsewhere in town.

I remember that at Christmas time Santa came on a huge fire engine into our street. He drove to the dead end circle, called each child by name, and had a little (parent supplied) gift for them. After that, people would go from house to house to enjoy plenty of drinks, including the famous eggnog.

We also reconnected with Renate and Rick Raskopf whom I had met during my 1965 visit in New York. They had moved from the City and also lived in Darien with two little kids. (See birthday letter.[4])

Another interesting person in our street was Mike Savage. He was English, married, and had a senior position with British Petroleum (BP). On one of my trips to Tokyo Mike proposed for me to stop for a day in Anchorage, Alaska. Since there weren't any non-stops yet from New York to Tokyo anyway, a side trip to Alaska made sense.

Ingrid was with me on that trip, and Mike arranged for a BP private jet to take us from Anchorage to Prudo Bay, where BP and other oil companies were in the process of drilling for oil and building the pipeline that would bring Alaskan oil to mainland USA. This was an incredible experience. We landed in Alaska on ice while the temperature was minus 65 degrees. At that temperature, minus 65 degrees Celsius and minus 65 degrees Fahrenheit are approximately the same. Never mind a few degrees, it is very cold. On the plane we were provided with proper clothing including gloves. At that temperature, if you touched something with your bare hands you would get stuck. There were unforgettable impressions on land/ice watching people drilling for oil and also the spectacular scenery that could be enjoyed from the ground and from the air.

Another neighbor was a member in a nearby tennis club in Stamford where I could play sometimes. However, I was too busy to play during the week and mostly played weekend mornings on the public tennis courts of the Darien High School.
There also was a German butcher in nearby Stamford. His name was Ernst, but everybody called him 'Uncle Ernst'. Believe it or not, Ernst was from Mülheim, my home town, and we spoke Mülheim slang in his store. Ernst knew how to make proper steak tartare, i.e. raw meat that we could eat without fear of getting sick. He sold other German things in his store, and it felt almost like being back in Germany.

Soon after I got my feet firmly on the ground in the USA, I imported a Mercedes sports car type 230 SL from Germany. It was a red, pre-owned convertible. This had always been one of my dreams, and I was grateful that I could realize that dream at that time. In the fall of 1972, we drove this car to Vermont to enjoy the car and watch the foliage. We liked Vermont so much that we bought a vacation home near Mount Snow. The house was about a three-hour drive from Darien and perfect for long weekends and short vacations. From the house we had a great view of the nearby mountains and could drive to the ski slopes of Mount Snow and Haystack Mountain in about twenty minutes.

Fourteen Weeks at Harvard Business School in Boston, 1974

As time passed, I gradually developed a sort of inferiority complex about not having any academic education. In Germany, and now in New York, I had many MBAs working for me and learned a lot from them, but it was not the real thing.

Some of the people working for me were sent by the bank to a Management Program offered by Harvard Business School. It was called Program for Management Development (PMD), lasted 14 weeks, and was offered twice a year. Routinely Citibank sent two people from around the world to those programs. At the end of 1973, when my corporate counseling department and Nassau offshore funding unit were running smoothly, I asked my boss to send me to that program. My boss agreed, and so I attended PMD 27 from February to May 1974.

Harvard equates this program with a Masters Degree, i.e. similar to an MBA, but the world does not. In order to be considered for the program, applicants must have at least ten years of management experience, and they must be sponsored by their employer. Also, the employer paid the considerable tuition. I had no problem with any of those criteria.

I was so in awe with being at Harvard that my knees were shaking when I arrived on campus at Cambridge. My class had 150 students (only two women), which were divided into two groups of 75 each. The average age was 38. There were twelve different subjects taught, and most subjects were taught for an hour and fifteen minutes per week.

Halfway through the program, there was an *elective week*. During that week, three sessions per day were taught by other Harvard Professors on different topics. We students could choose which class and topic we wanted to attend. Also we were allowed to switch from one class/topic/professor to another if, at the end of the first class on Monday, feedback from other students suggested that one was more interesting than the other.

We stayed in Hamilton Hall where we were divided into twenty *can* groups. A *can* consisted of seven or eight students sleeping in four double bedrooms. There was one large living room and one big bathroom with multiple showers, sinks and toilets. The word 'can' referred to the bathroom we were sharing.

Each can had a group leader, and I was selected for that role. The twenty can group leaders formed the speaker group for the entire class. The speaker group met every other week to discuss problems and issues that might arise.

The participants in the program came from major companies from all around the world and from a large variety of industries. It was a great opportunity to network and make friends and contacts for the future. However, this meant making time for drinks and dinner in the evening. Unfortunately I did not do that as much as I should have because I studied too much.


CAN 14

REFLECTIONS
Before we came to PMD
We thought "only God
could make a tree"
Decision analysis dispelled
the latter
After our exposure to
Paul Vatter.
Confused we were —
perplexed too —
But think of all its
meant to you;
Decisions are easy — analysis
the same,
It all depends on who
wins the game!
This of course is not to say
We'd want it any other way.
Thanks to the faculty
who taught us to think,
And in the meantime,
drove us to drink!

Alexis Andolenko — France
Ted Andrews — New Jersey
Bobby Fowler — Texas
Peter Klaus — Germany
Hal Mason — South Carolina
Heinz Riehl — Connecticut
Gene Savage — Ireland
Ed Treadway — Texas

Bobby and Alexis

Heinz and Ted

WE'RE O.K. — YOU'RE O.K.!

Gene and Ed

Peter and Hal

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Photos from Classbook of
Program for Management Development (PMD)

Harvard employed its famous case method for most subjects. We had three classes and three cases per day, one case per class. We had to read

each case, which involved anywhere from 50 to 150 pages per case. After becoming familiar with the issue of the case, we had to form an opinion as to what to do in this 'administrative situation,' as the question at the end of the case often read. Or the question was what to do in cases of marketing or finance.
More experienced students prepared one of the three assigned cases in great detail and only quickly read the other two cases so that they understood the issues. On the following day in class they could shine in the one case they had prepared with active participation in class discussion. For the other two cases they mostly listened and got the educational effect out of it. This strategy left them with more time to party in the evenings.

As I said above, I was extremely impressed that German high school graduate Heinz was at Harvard. I prepared each case in great detail, so that I could actively participate in class discussions for all three cases the following day.

Even though I did not party and network as much as most of the other students, I temporarily became a student in other ways. I grew a beard for the first time in my life and when I got back to Citibank, my collegues called me Sheike Yamani, because they felt that I looked like the very prominent Saudi Oil Minister.

Also, I started jogging and lost 30 pounds reaching an adult-life low of 174 pounds. I also won the PMD 27 tennis and paddle tennis tournaments.

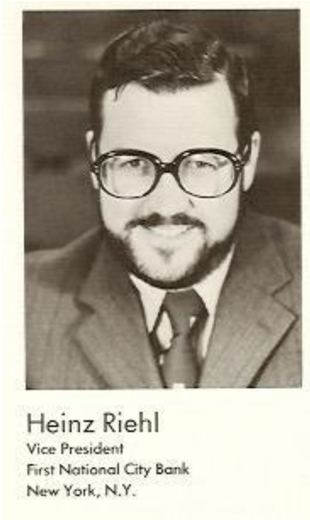

Photo from Harvard classbook

Old Lady or Young Lady? Lesson Learned: Listen to Others

One of the courses I attended in 1974 at the Harvard Business School Program for Management Development (PMD 27) was called 'Organizational Problems and Human Behavior' taught by Professor Stan Davis.

There was one specific class where the professor impressed on us the importance of listening, really listening, and then taking into consideration what we had heard before we responded. We were given a twenty page reading assignment highlighting this point: Listen to what others are saying and reflect in your response that you have heard what the other person has said.

When we walked into Professor Davis class the following week, we were asked to divide the half circle of seats so that there were about three empty seats in the middle with about 40 of us on the right side and another 40 of us on the left side.

Next he distributed playing-card-size cards so that each one of us had a card in hand. There was nothing special about those cards; each one of them showed the image of a lady.

Next, he requested that each one of us carefully study what we could see on the card, and then close our eyes and try to remember what we had seen. Then he asked us to open our eyes and carefully study the image on the card again, comparing it with what we thought we saw when our eyes were closed. We did this for about three minutes.

At that point Professor Davis showed us the image below with an overhead projector for about seven seconds.

Then he closed the image and asked us what we had seen. Our responses were amazing: The right side of the class said they saw an attractive young lady, while the left side of the class said they saw an old woman.

This was hilarious. Here were 80 men looking at an identical image and claiming to see two different people; one woman around 25 years old and another one around 85 years of age. Individuals among the two sides began to call each other bad names and stupid. There was chaos. The Professor showed the image again and again, and for longer periods than a few seconds.

Then the Professor asked the group who saw the old lady, *why* they thought that the lady they saw was quite old. One answer was, “She has no teeth in her mouth.” This was important. The people who saw the young lady should have taken note, because the mouth of the ‘young lady’ cannot be seen.

Finally, after about ten minutes, there were some people who saw both ladies, i.e. those who initially saw the old lady now also saw the young lady, and vice versa. After some 20 minutes all 80 of us saw both ladies, old and young.

This is definitely one of the most amazing **optical illusions** of all times! What do you see at first glance – an old lady or a young lady? They are both there! The mouth of the old woman is the necklace of the young woman and the nose of the old lady is the chin of the young lady.

The professor concluded: "Gentlemen, I have changed your background by three minutes, in that I gave the two sides cards which were ever so slightly changed. A couple of key lines were minimally changed in such a way that half of you saw on your card only an old lady, and the other half saw on your card only the young lady. As a result of that three-minute change in your background, you no longer could agree whether the *single* image I showed you was a young lady or an old woman. In reality, your background differs by 38 years (the average age of our class) and the issues you will have to discuss and agree about are far more complex than to decide whether a woman is 25 or 85."

Then the Professor walked out of the classroom and left us there. We felt very bad. He had taught us a major lesson. "Listen carefully, to what other people are saying."

Wives' Week

The last of the 14 weeks was called *wives week* because that was when the spouses came to Boston to celebrate our graduation. Years later, when there were more women in the program, this last week was renamed *graduation week*.

HR with Ingrid at Harvard Business School Wives Week 1974

While at Harvard, I also renewed my relationship with Rita Rodriguez, a lady originating from Cuba who taught in Harvard's regular MBA Program as an Associate Professor. In 1973, the teaching schedule for the Harvard MBAs required her to teach a class that covered Citibank's 1965 FX loss in the Brussels Branch.

Rita contacted Citibank New York and asked that an appropriate representative of Citibank come to help her in that class. This is a common practice for Harvard Professors. Often during my 14 weeks in PMD 27 a representative of the respective company whose case had been discussed would speak to us at the end of a class. He would tell what happened in the *actual case.* I was the person chosen to represent Citibank for these presentations.

I arrived at Harvard as Rita's guest for lunch on the day when the case was to be discussed in her class later in the afternoon. During lunch it became apparent that the case was too complex for Rita to learn enough about so that she could teach it later that day. Therefore, she invited me to teach the entire case to her class, which I did with great success.

Rita Rodriguez (left) at my Citibank retirement party in 1996

Teaching Foreign Exchange at Harvard for Many Years

When my Harvard PMD 27 class ended in May 1974, the school asked the students for feedback. When I retroactively evaluated the entire program I found that I really had not learned that much new stuff on most topics. I had already learned most of the material 'on the job' at Citibank from the Harvard MBAs working for me and also through experience.

There were two classes where I really learned a lot. They were called *Organizational Problems and Human Behavior* taught by Professor Stan Davis and *The Executive Family* taught by Barry Greiff, an occupational psychiatrist. To this day I use analogies learned in those classes and benefit from other input from that time.

In my feedback, I also mentioned that a leading school like Harvard should cover the topic of foreign exchange in a prominent program like PMD. This topic had been completely absent from the program.

To my surprise, the program manager agreed with me and said that Harvard did not have anybody to teach that subject. After all, this was 1974 only three years after the dollar no longer had a fixed FX rate and had begun to float freely in the markets.

This program manager, Professor Paul Vatter, knew my background and he invited me to teach the subject of foreign exchange in future PMD Programs as an elective during the elective week half way through the program. I accepted the invitation and taught this class for many years to come. Imagine teaching at Harvard Business School! How could I have ever imagined that?

Of course I was still working for Citibank. So how did that work? I told Citibank about the invitation which was to teach twice a year for one week in Boston. The Bank thought it was good advertising given the seniority and diversity of the 150 students and allowed me to do it. On Sunday evenings I flew to Boston and stayed at a Cambridge hotel. My class was taught from 8:00 a.m. to 9:15 a.m. and I took the 10:00 o'clock shuttle back to New York arriving at my desk at Citibank just before noon. A few hours later, on the evening of that same day, Monday, I flew back to Boston, stayed at the hotel overnight and taught my class the following morning.

I did that five days a week and it worked beautifully. I developed a relationship with a cab driver who parked as close as possible to my teaching hall at 9:15 in the morning and took me from Harvard to Boston Logan airport. This was essential because I would not have had time to look around for a taxi.

After a year or so, when I had done this a couple of times, Citibank relationship managers responsible for customers in the Boston area, for example Gillette, asked me to stay in Boston and accompany them to make calls on those customers. This was an ideal solution. I stayed twice a year for one week in Boston, teaching at Harvard first thing in the morning and working for Citibank calling on customers the rest of the day.

My classes on Foreign Exchange were very popular with students. The competitor in me was always happy when I noticed that after my first class on Mondays many students came over from the other two electives to join my classes for the rest of the week. They had heard during the coffee break that my class was interesting and induced others to come and join my class. Remember, my topic was so new in the world of finance that Harvard did not have a Professor to teach it. Also, I think that I explained it well and people always liked my German accent.

When I started my class I always won students over with the following opening: (Remember, these were average age 38 international executives who liked to party but also had to prepare the three cases per day.) "What I am telling you now is more important than anything else you will learn here at Harvard; DO NOT STUDY SO MUCH. Instead use more time to network and make friends." I meant that, and I wanted to share it with students so they would not make the same mistake I had made.

One more highlight and a moment of satisfaction during my Harvard time: After my class, I stood next to a student in the bathroom. He said how much he enjoyed my class and how much he had learned. I asked him to be more specific.

It turned out that he was the son of the owner of the Boston Red Sox baseball team. He said that they had just ordered new scoreboards for the stadium from Japan. He now understood that the Japanese had invoiced them in yen and if the yen continued to appreciate as it had in the past, the dollar cost of those score boards would be much higher than they expected. He also had learned in my class how to hedge and protect against such a situation by buying the needed yen in the forward foreign exchange market. He was happy and I was happy.

Monthly Earnings Review for the Whole Bank

After not having been in the bank for 14 weeks, it was only normal that I was assigned a different job. This new job was called *earnings review*, and it was most interesting. At the end of each month the top four executives in the bank, including Chairman Walter Wriston, wanted a summary of the unusual positive and negative items that impacted the earnings of the entire bank for the most recent month.

For example, if the reported earnings for the whole bank were 100, it might be that there were 20 non-recurrent negative items and 15 non-recurrent positive items. One could then conclude that the normal current earnings without those unusual items would have been 105.

At that time, Citibank already had branches in about 90 countries. I had to get reports from the respective financial controllers about any unusual situation that had a material impact on earnings. The same was of course true for the various domestic businesses in the USA. Fascinating! I had to understand the entire situation and the circumstances that lead to these unusual earnings or losses well enough so that I could explain them to my listening seniors. I learned a lot, and once a month for one hour I had the undivided attention of the four most senior executives in the bank.

Walter Wriston was known for classic and timeless expressions. In one month I explained that we had lost 10 million English Pounds (about $ 15 million) on a real estate loan in England. The loan had been secured by a mortgage on a large piece of land in a good location. However, later it turned out that the British Railroad had a deeded right of way right through the middle of that land so that nobody could build on it. The value of the land was substantially reduced, which lead to our loss. Once Walter Wriston understood all of this he nodded and said, "And then they say that the land is always going to be there." I still see his face right in front of me.

After I had this job for about five months, I received a call from the newly appointed head for all international operations, George Voijta. He had come up through the ranks with some assignments in Europe and Asia and was familiar with the Treasury system that I had invented in Germany in 1960. He recognized the advantages of that system not only for earnings but also for the creation of local currency funding liquidity, which was so badly needed in all our branches around the world. In all countries we were making big wholesale loans in local currency to the subsidiaries of international, mostly American, companies. However, we had only a handful of branches in most countries, and could not attract enough local currency deposits to fund all these big loans.

George asked me to go to the rest of the world and introduce and implement my Treasury concept country by country one continent after the other.

Implementing My Treasury Concept Around the World

By *rest of the world* he meant Middle East, South America and Asia Pacific. Europe had my Treasury system already, and New York was simply deemed to be too big to change. Foreign exchange and domestic money markets were run by two kings, Eddie Reichers and Joe Fleiss, who would not give up their power. As we will see later, they first had to retire before the USA and New York would adopt the Treasury system.

Introducing Treasury in the Middle East (10 Countries)

In October, 1973 OPEC, led by Arab States including Saudi Arabia, had substantially increased the price of oil, e.g. from $ 2.75 to $ 55 or twentyfold. As a result, it suddenly became very attractive to do business in many oil-rich countries in the Middle East. However, those countries immediately stopped any attempts of international banks to open branches there. Citibank, on the other hand, already had branches in most of those countries. Our policy had been, "if they let us open a full unrestricted branch, we will go in and raise our flag just to complete the desired large international network."

All those branches experienced a tremendous boom and they needed my organizational structure of Treasury badly. So it was decided that the first part of the world I would visit, and convert all countries to the Treasury concept, was the Middle East.

The bank was not stingy. On the initial trip to Europe and the Middle East, I was allowed to travel First Class on the luxurious French M/S France. Wife Ingrid, both children – four-year-old Janine and six-year-old Ralf – as well as our German au pair girl came along. It was a great experience to enter the main dining room in the evening and be announced to the Captain of the ship: "Mr. and Mrs. Riehl from the United States."

Me on deck of M/S France leaving New York Harbor for Europe with Manhattan Skyline including World Trade Center in background 1974

After a few days in Germany, my family flew back to the States and I went on to Bahrain, where Citibank had the Regional Office for the Middle East. Upon my arrival I asked the head of the office whether it was okay to drink water from the tap in Bahrain. The answer was, “I have to drink it, otherwise I will get sick.” In other words, bacteria in the water helped to build an immune system that protected against the many bacteria in the entire Middle East.

Learning Cultural Rules of the Arab World

Before actually visiting customers in the area I received from Citibank some cultural education for the Middle East. This included:

- Do not admire anything. If you do, it will be understood as *I want it*.
- Do not cross your legs and let the person you speak to see the area below your foot, irrespective of whether you wear shoes or sandals. That area is usually dirty and you don’t want the person opposite you to look at a dirty part of you.
- When you are the guest of honor at a dinner, you may be offered the most precious piece of food, which may be the eye of the lamb. If you do not want to eat that just say, “This is against my Religion.”
- In a meeting, servants may offer you Arab tea, which has a very bitter taste. You must take two cups; otherwise your host will be insulted. There is no talking to the servants. When the servant comes with the tea and you want more tea you will slightly shake the cup from right to left and back again. When you hold it steady, the servant will take your cup. This was often a problem for me. Since the age of fifteen I have had a slight familial or essential tremor in my hands and was not able to hold the cup still. The solution to the problem was not to drink more than half of the second cup. Then the guy would not come and offer more tea.

The Head of the Middle East noticed that I was a little worried about facing all these very senior people from Governments and Central Banks in the various Arab countries. He calmed me down by saying, “Do not worry. You speak with a smile which makes most people instantly like you.” This turned out to be so right because I never had any problem, and usually found that I had good chemistry with people.

Right from the beginning, Mike Callen was assigned to help and escort me in my travels and branch visits. Mike was a little younger than me and had been in the bank in various corporate jobs for some years. He did not know much about Treasury, but he was very smart and learned fast. We traveled together for several months and had a good time together. (See Mike's 70th birthday letter.[5])

Mike went on to become Regional Treasurer for the Middle East, Head of Citibank Saudi Arabia, Head of the Global Investment bank in New York, and ultimately Vice-Chairman of the bank. (This is an example of a saying popular in Citibank: "Be nice to your subordinates; you may report to them later on in your career.")

Establishing Markets for Overnight Call Money and Forward Foreign Exchange in Saudi Arabia

Mike and I first visited the most important country, Saudi Arabia, in Jeddah. Here are some highlights that stick in my memory:

There was no short term interbank money market for local currency, the Saudi riyal. The local banks were so rich and lazy that they would give us (Citibank Jeddah) money for only a one month period or not at all. Call money means that both the amount borrowed and the interest rate can be changed every morning by either side.

Here is how I solved that problem. I told the newly appointed Treasurer to call the biggest local bank and tell them we would pay 10% for 10 million riyals of our type of call money, which meant the interest rate and borrowed amount could be changed every day. The rate of 10% offered was 6% above the 4% rate prevailing for one-month money. The bank was greedy enough to agree.

The next morning we proposed to increase the interest rate from 10% to 11%. They agreed. Now we had established that the rate could be changed day by day.

The next morning we paid back 2 million Riyal, reducing our borrowing from 10 million to 8 million. Now we had established that the amount borrowed could be changed every day.

We continued this practice until about two weeks later when we paid a call money rate slightly less than the one-month rate which, based on a normal yield curve, is where the rate should have been anyway.

At that time in 1974, countries other than the top industrialized countries did not have a forward FX market for their local currency. The reason was that they did not understand the Treasury concept and the relationship between the interest rate differential prevailing between two currencies and the premium or discount of these two currencies against each other in the forward FX market.

Because there was no forward FX market in Saudi Arabia, the Mercedes dealer in Jeddah sold cars, for example on January 15, to local customers without fixing the sales price in the sales contract. The dealer knew the price in German marks; but, he did not know how many riyals it would take to buy those marks three months later on April 15 when the car was delivered and had to be paid for in Saudi riyals by the customer. The reason was that the dealer did not know on January 15 what the FX rate for riyals versus marks would be in three months on April 15.

Based on my Treasury concept, Citibank Jeddah was able to offer a firm forward FX rate at which the Mercedes dealer could buy German marks and sell riyals – in other words, the FX rate at which the dealer could convert marks needed to pay for the German car into the amount of riyals he needed to collect from the customer. This allowed the dealer to quote a firm price in riyals to the customer at the time of the car sale on January 15. It gave the Mercedes dealer a clear competitive advantage over other car dealers in Saudi Arabia.

Initially this was difficult to explain and sell to the Mercedes dealer. He said that it was not possible to predict the FX rate for the future because only Allah can know what the future FX rate will be. I had to explain that we also did not know what the actual FX rate will be in the future. However, all we were doing was on January 15 locking in at what FX rate riyals would be converted into marks on April 15 irrespective of what the actual rate would be in the FX market. This ultimately made sense to the dealer.

Throughout the Middle East, and later also in South America and Asia/Australia, we did a lot of this type of forward exchange hedging business with local exporters and importers who continuously generated foreign currency receivables and payables (perpetual risk creators). This further bolstered the worldwide reputation of Citibank as an innovative, problem-solving bank.

Citibank around the world developed a reputation and subtitle as *the bank of solutions*.

This business was also very profitable because, at least for the first few years, there was no competition. Citibank was the only bank in the world to offer forward exchange rates in second and third level currencies. Customers could not compare our forward FX rate to anything, because no other bank was able to quote such rates.

Finally, to the extent that we provided forward FX rates to exporters, this business also generated much needed local currency funding for our branches. We would:

- Buy 3-month forward dollars against local currency
- Sell spot dollars against local currency
- Borrow dollars for 3 months, which was easy to do
- Generate fully hedged local currency for three months at a cost equal to the borrowing cost of dollars plus or minus the premium or discount of the forward FX trade.

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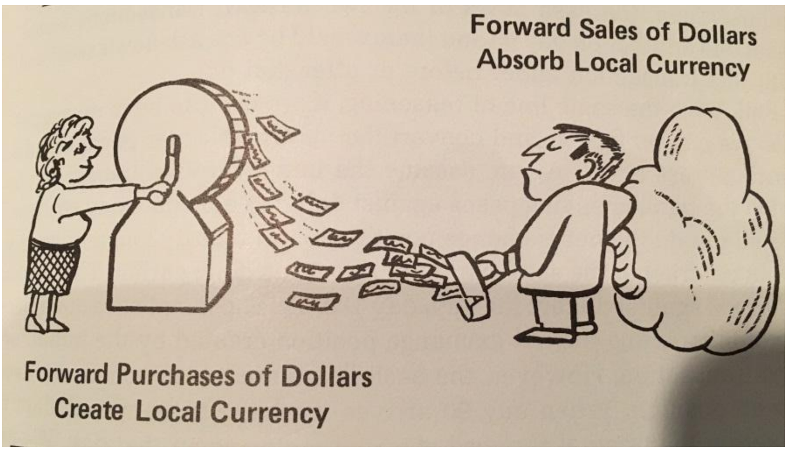


Illustration from my book Foreign Exchange and Money Markets, P. 178

Let me summarize again how awesome this product was, because it:

- Solved a customer problem and promoted the business with exporters and importers around the world in dozens of countries.
- Generated substantial profits for Citibank around the world.
- Generated local currency funding for Citibank worldwide.
- Bolstered Citibank's reputation as the "bank of solutions."

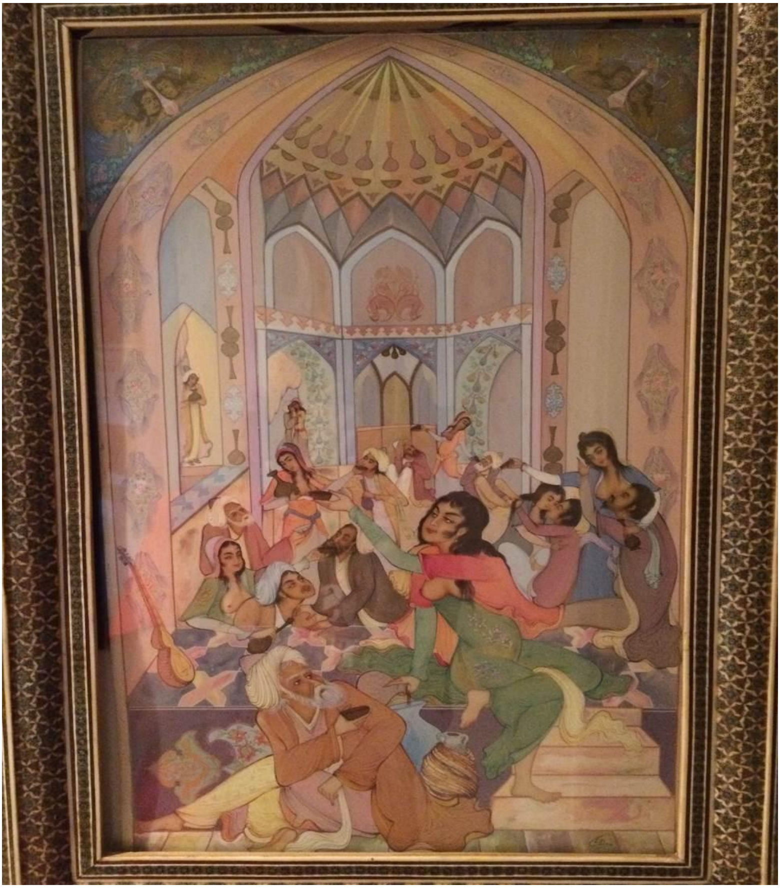
Here are a few more interesting memories from Jeddah in 1974:

- I have a photo of a cow standing in front of our branch, but cannot find it to be included here.
- There was no hotel in Jeddah at the time fit for my wife Ingrid and me to stay. We stayed at the bank house of our Country Head
- For dinner our Country Head advised us to go to a restaurant run by the husband of his secretary. It was called *The Black Tent*. The driver was to take us out of the city for about three miles, look on the right side for a light in the desert and then leave the road and drive through the desert towards that light. When we arrived we found a tent and tables for about 20 people. The host grilled chicken and lamb.

The special thing was that the host provided ice cubes and glasses for the liquor we brought, which was of course officially forbidden. There was great camaraderie and fun among all guests because we all knew that we were doing something that was not allowed. No alcohol in Saudi!!

Buying a Miniature on Omar Khayyam in Isfahan

Mike Callen and I visited among other countries and cities Kuwait, Teheran, Qatar, Bahrein, Dubai, Abu Dhabi, and Karachi and Lahore in Pakistan. In the ancient city of Isfahan, I bought a miniature, painted with eyelashes, straight from the artist. It is 12 by 16 inches in size. The yellow color is actually painted with gold. It depicts a little orgy involving Omar Khayyam, a Persian mathematician, astronomer, philosopher, and poet. He lived around 1,000 years after Christ and among other things wrote the famous Rubaiyat. That 95-verse poem says 95 times the same thing in different words: 'When you sit in a garden of roses with a beautiful woman, and the cup is full of good wine and there is a full moon, then enjoy all of this as much as you can because the next time the full moon comes around, he may look all over the world for you and not find you anymore.'



My miniature painting shows the old Omar Khayyam sitting at the entrance of a party place where the orgy takes place, and one can see several little Omar Khayyam sitting at various places right in the middle of the action. The painter tries to convey that the old guy is too old, and he visualizes how nice it would be if he could still be right there in the center of the action.

The explanation of the story and the bargaining with the painter about the purchase price took more than two hours. I remember it well and it was wonderful.

Poems: Rubaiyat and Eugen Roth: Get it When You Can!

The above reminds me of one of my favorite poems from the German poet Eugen Roth. The original German may be found in the appendix.[6] Here is my translation:

> A man who could get from the world anything he wants
> Considers the cost and says "No."
> Therefore Mrs. World leaves again.
>
> In retrospect the man realizes
> That he will never get it that cheaply again.
> Mrs. World is still in good humor and
> Immediately presents something else.
> The cost, however, is substantially higher.
> The man considers it – and again does not take it.
>
> He plays this game of choice and painful regrets
> for a third and fourth time.
>
> Then finally he is old and wise
> and prepared to pay any price.
>
> However, he is not entitled anymore.
> Mrs. World does not offer anything at all anymore,
> except sex and junk like that,
> only of interest to younger people
> instead of peace of soul and fine wine.

At the end of 1974, the project to implement my Treasury concept in the Middle East was completed and, following my recommendation, Mike Callen was appointed Regional Treasurer for that area to follow up on all new concepts and further develop them. The position and title of 'Regional Treasurer' had not existed in the bank before and was a 'first'.

Introducing Treasury in South America (24 Countries)

(Reference from page 344)
I described earlier how in Germany in 1969 we arbitraged the onshore market (plus 10% interest rates) against the offshore market (minus 10% interest rates as per page 195) for Euro marks. One of the sources for Euro marks was Citibank in Brussels, Belgium. On one of my visits to Citibank's Brussels branch, I got to know a nice young Belgian named Jacques Levy and his German wife Renata.

Hans von Fluegge, who was now the head of Germany, had asked me to look around the world for talented traders to come to Frankfurt where we were short of traders. When I heard that Jacques' wife was German and that she would love to live in Germany again, I made my play for Jacques. It worked, and a few weeks later Jacques was working for Citibank in Germany.

A few months after that, Tony Moro, the American country head for Belgium, was transferred out of Belgium to Rio de Janeiro and became country head for Citibank in Brazil. Tony understood Treasury, and he knew that Jacques understood Treasury and could do wonders with that knowledge in the much greater Brazilian market. So Tony asked Citibank to transfer Jacques from Germany to Rio, and Citibank agreed. Jacques loves life, including food, wine and the beaches of Rio de Janeiro.

> The Jacques Levy story shows that Citibank always thought globally and looked at the big picture. The talents of an employee would be used in the financial markets of those countries in which his abilities would bear the most fruit. Jacques Levy and hundreds of others are examples. The results were mostly multiple wins – good for the personal, professional and financial satisfaction of the employee, good for the family and good for Citibank.

When I began my campaign to implement my Treasury system in South America, it was only natural that Jacques Levy would temporarily help me just as Mike Callen had helped me in the Middle East, and also that at the end of that process Jacques would be the regional treasurer for South America.

Our first project was to completely implement Treasury in Brazil. Tony Moro was a great country head. He loved life too. For example, we held serious meetings at the Copacabana beach to formulate strategy on how to play the Brazilian financial market.

Jacques and I traveled to many capital cities in South America, one country after the other, identifying country treasurers and implementing the Treasury system. When there was no suitable person to become treasurer in that country, we found people in Citibank Europe to be transferred into a particular Latin country. It was a lot of fun, and we influenced many people's careers and lives. The countries we covered included: Uruguay, Argentina, Brazil, Chile, Mexico, Venezuela, Paraguay, Jamaica, Trinidad & Tobago, Dominican Republic, Barbados, Panama, Colombia, and Ecuador. (See birthday letter from Jacques Levy.[7])

Coping with Hyperinflation and Devaluations of Currency

Many of those countries had sky-high rates of inflation like 50% or 60% per month, repeat *per month*. Of course they had to devalue their respective currencies by similar percentages. This required a solid understanding of macroeconomics at the simple trader and account officer level. Here is how we coped with this unusual situation.

What we all know as an *interest rate* is called a nominal interest rate.
It is made up of the *real interest rate* and the rate of inflation. For example:

2% per annum	real interest rate
4% per annum	inflation
6% per annum	nominal interest rate

Generally speaking, real interest rates do not change that much. It is the rate of inflation that changes and forces corresponding changes in the nominal interest rate. So, when inflation rises from 4% to 7%, the nominal interest rate is likely to rise to 9% (7% inflation plus 2% real interest rate).

When inflation was extremely high and volatile (remember, it is inflation that really moves the nominal interest rate), we decided to call a spade a spade and disaggregate the nominal interest rate. We called that indexing.

So when we expected inflation to rise we would:

- take longer term deposits (like 6 months) at a nominal interest rate
- lend for shorter periods (like 1 month) at a real interest rate plus the likely rising rate of inflation

Pioneering Indexing Deposit and Loan Interest Rates for Inflation and Monetary Corrections/Devaluations

If inflation rose as we expected, the final five months would turn in a handsome profit. This is an example for a deposit and loan book priced with real interest rates indexed for inflation. There was another deposit and loan book priced with real interest rates indexed for monetary correction, which meant indexed for devaluation of the currency.

Indexing deposits and loans to inflation and monetary correction was possible, because at that time the Central Bank announced those two numbers on a regular basis.

All of this was a little complex and quite new, and Citibank was a leader in developing all of this. It required a solid understanding of basic macroeconomics and good forecasting as to which direction the economy of a given country might move. Is the economy expanding or contracting, and how would a country's central bank and finance ministry react to this? Warm and friendly relationships with those government officials were always at a premium.

I learned a lot about macroeconomics from my good friend Bob Leftwich, the head of Citibank's economics department. He also liked to teach, and we taught many seminars together around the world. (See birthday letter from Bob Leftwich.[8])

Introducing Treasury in Asia / Australia (13 Countries)

The last part of the world with countries that had to be converted to adopt the Treasury concept was Asia and Australia. This included Japan, Korea, Taiwan, Hong Kong, Philippines, Singapore, Malaysia, Thailand, India, Indonesia, and Australia.

It took less time and effort to introduce the Treasury system to Asia. Structurally, all of these countries had more stable economies than South

America. None of the Asia Pacific countries had hyper inflation. Also, I had learned a lot from establishing the Treasury concept in the Middle East and South America. Finally, the managements of the Asian countries had heard of the positive results flowing from the adoption of the Treasury organizational structure.

At the time, the head of Citibank in Asia was Rick Wheeler, who was also an enthusiastic tennis player. He lived in Scarsdale just outside New York City and frequently invited me to play tennis with him in his home club there.

"Corkscrew" Landing in Saigon, Now Ho Chi Minh City

On one of my first trips to Asia in 1972 I also visited Citibank in Saigon, which was at that time the capital of South Vietnam. (On April 30, 1975, Communist North Vietnamese and Viet Cong forces captured the South Vietnamese capital of Saigon and renamed it Ho Chi Minh City.)

Part of my visit was to give a luncheon speech at the local American Chamber of Commerce. When I walked into the room, the audience of almost one hundred people immediately rose to their feet and gave me a standing ovation. I had not said or done anything yet. I had just shown up. I asked my two American Citibank colleagues accompanying me what this was all about. Here is what had happened.

The Viet Cong and North Vietnamese army had gotten so close to Saigon that commercial aircraft could no longer approach Saigon airport the regular way, i.e. gradually reducing altitude and finally landing at the destination airport. The Viet Cong guns could have reached those low flying planes and shot them down. Therefore, airplanes had to arrive over the City of Saigon at high altitude and reduce altitude while flying in narrow circles over the airport until they finally landed. The purpose of such a "corkscrew" landing was to minimize the chance of an aircraft being struck by ground fire from surface-to-air missiles as it landed.

I had noticed that my plane circled over Saigon, but had no idea what that really was all about. It turned out that in the previous few months David Rockefeller, Chairman of the Chase Manhattan Bank (today J.P. Morgan), had twice committed to address the American Chamber of Commerce in Saigon. However, he always canceled the trip when he learned about the required corkscrew landing approach.

Family Life in the Mid 1970s

In 1973 we moved in Darien from Sunset Road to a bigger house on Hollow Tree Ridge Road. This new house provided more space for Ralf and Janine to play, both inside and outside the house. The bigger back yard had a pool, and all together it was just a nicer house.
I also began to invest in Darien real estate by buying three single family houses (one house per year) on Dubois Street, Thomasina Lane and Fitch Avenue. I always liked real estate, and buying those houses seemed like a good investment. Whenever I had saved around $ 20,000, I took a mortgage of $ 80,000 and bought a house for around $ 100,000. All those houses were rented, and the rental income, together with the tax advantages, provided some additional modest income. Most importantly however, the equity in those houses grew because at that time Darien real estate appreciated on average around 10% per year.

Joining the Country Club of Darien, 1972

In 1972 we also joined one of the three country clubs in Darien, the Country Cub of Darien. One Saturday afternoon I was practicing tennis at the Darien High School by hitting against the tennis wall. Another tennis player, Paul Petrus, approached me and complimented me on how I was hitting the ball. We got to know each other and he invited me over to his Club, the Country Club of Darien. I played with some of his friends, and at the end they all suggested that I join their Club as a tennis member. The process of joining was simple; I signed a form, gave them a check, and I was a member.

In addition to an 18-hole championship golf course the club had a nice clubhouse and pool, which was great for Ralf and Janine to play and meet other children. The clubhouse had a nice dining room and provided an opportunity for Ingrid and me to make new friends.

I continued to succeed in tennis, which also helped me to make new friends. In 1973 I lost in the final of the singles club championship, but won in 1974 and 1975.

Citibank was happy with my work and paid me well. This allowed me to build a life style that resembled the American dream before I turned 40 years old. Ingrid and I lived in a nice house in Darien, a prime New York suburb. We had a vacation home in Vermont, two cars, a membership in a nice Country Club, and Ralf and Janine were enjoying one of the best school systems in the country.

Global Travel with Frequent Visits to Family in Germany

I traveled globally and developed a positive reputation in Citibank worldwide. Unless I went to South America, I always found a way to stop in Germany to visit my mother and young Heinz. As a result I visited Germany five to six times per year.

Young Heinz visited us in Darien a few times. Born in 1960, he had become a strong young teenager. He mixed nicely with other youngsters in the Club and improved his English. Heinz joined the swim team of our club and proudly wore their customized swim suits that only the members of the swim team were allowed to wear.

My mother and her husband, Dr. Gerd Moeller, also visited us regularly every year. Even though mother traveled Economy, my status as a Senator of Lufthansa allowed me to arrange for them to use the Senator Lounges at the Düsseldorf and New York airports, and sometimes they were upgraded to Business Class.

Teaching the Concept of Treasury Inside and Outside Citibank

When I introduced the Treasury concept in dozens of countries in the Middle East, South America, and Asia I had to explain in all those countries how this Treasury concept worked and what were its advantages. This allowed me to improve and refine my style of teaching.

Great Color Visuals for Overhead Projector

One important teaching aide was the use of visuals, i.e. transparencies which through an overhead projector projected explanation-supporting images on a screen. Because I gave many presentations inside Citibank I had access to Citibank's public affairs department, which was capable of producing the best visuals anybody could think of at that time. Obviously they were in color. I created by hand and pencil whatever transparency I wanted, gave it to my special contact at public affairs, and they produced it.

There were a few basic guidelines I used in order to get good results:

- Limit the information on each transparency.
- Never have too many lines to read.
- Use the reveal technique. For example, if I am talking about animals, and wish to cover dogs, horses and chickens, I initially show only one bullet about dogs. When I am finished with dogs, I reveal the next transparency that shows also horses, and finally the one that shows the bullet with chickens. This technique prevents the audience from reading ahead. I want them to focus 100% on what I am talking about, and absolutely nothing else.
- Use a larger font so that the audience has no trouble at all reading what they see.
- Use color to tie related information together. For example, let's say that a table showed a 12% increase in FX profits. Two lines lower I refer to that rise in FX profits. In such a case, I would have the number **12%** and the words **FX profits** in the same color to make it easier for the audience to locate and understand the information.

My visuals were so exceptionally good that often people elsewhere in the world asked me during coffee breaks about them.

Correct Use of a Pointer During Presentations

Another important tool for a successful presentation is the use of a pointer. I always used a pointer and pointed directly at a specific word or number that I was talking about. Pointing at a number means that the top of the pointer actually touches the screen where that particular number can be seen. Most presenters only point <u>in the direction of</u> the area where that number can be seen, which for the audience is the same as not pointing at all, or they do not even use a pointer.

Not using a pointer, or pointing only in the direction of the 12% number, means that it takes a few seconds for the audience to search and find that number on the chart. While they are searching for that number I will already be talking about something else, like expenses. Since the audience is still searching for the 12%, they cannot fully focus on what I am saying about expenses.

Each person has only 100% capacity to focus. If 10% of that focus is directed towards something else, there is only 90% left to focus on what I am currently talking about. And because they are only 90% focused on what I am saying now, they may have more difficulty fully understanding the concepts.

The worst way to present is, of course, to use no visual at all. Speakers give the audience a handout and let them find in the handout whatever supporting information there may be. This type of visual support is almost the same as no visual support at all.

Also, to make a point clear in a presentation, the presenter must have a logical build-up. As an example, if I want to teach someone how to count to 5, I must say 1,2,3,4,5 and not 1,3,2,5,4.

Integrating SPEC in Presentations

Finally, any presentation must have **SPEC**, which means:

- ***S****park*. If at all possible, I always try to say something funny at the beginning in order to relax the audience. This should not necessarily be a joke, just something a little funny like a personal anecdote or some sort of wise crack.
- ***P****urpose*. Right at the beginning, I always say what I will be talking about; animals, finance, or tennis. That way even an unprepared audience knows what is coming.
- ***E****xample*. Occasionally, and when needed and appropriate, I give a highly detailed and easily understandable example to support a particular point I am talking about at that time.
- ***C****onclusion and summary*. This is probably the most important presentation element. The conclusion summarizes all the important points I make and connects them so that the intended main message comes across loud and clear. The

> conclusion has to be like the fall of a ripe apple, where the audience feels 'of course, how can it be anything else.'
>
> The conclusion puts everything together into one beautiful package that I wrap and put a nice bow on, so that listeners can take it home and will not forget. Without a summarizing conclusion, listeners at best will walk away and feel that they heard a nice presentation, but they will have difficulty remembering what they heard or what the main message of the presentation has been.

I mentioned earlier that as a result of the oil price increase our branches in the Middle East had enormous business opportunities. The problem was that we could not get people to move into these countries because the living conditions were so difficult.

It turned out that we were able to transfer staff from India and Pakistan to the Middle East. These two countries also had difficult living conditions so that people did not mind being transferred as 'International Staff' out of their countries and into countries in the Middle East. As 'International Staff' they received many benefits including a hardship allowance like 10% to 30% of their base-pay, housing allowance so that they could live in nice houses, private schools for their children, a bank car, and every other year a first class, all expenses paid trip back to their home country for the entire family.

Teaching at Citibank Middle East Training Centers in Beirut, Lebanon and Athens, Greece

In order to train these 'imported' people and the local staff of the Middle Eastern branches for the task at hand, Ed Hoffman, the head of the Middle East, created a 'Middle East Training Center' located in Beirut, Lebanon. Obviously, Mike Callen, my ex-assistant and now Regional Treasurer for the Middle East, invited me to teach my Treasury concept at that Training Center twice a year for one week, which I was delighted to do. I got to know Beirut, more about Arab culture and, of course, also the famous 'Casino du Leban,' which rivaled the best night clubs in Paris. The playboys of the Middle East regularly visited Beirut, where they could do what was not allowed in their home countries, including drinking alcohol.

Also, the banks in Beirut, including Citibank, began to offer sophisticated investment services, attracting a lot of oil money from that region. The national airline, Lebanese Airways, offered superb and unique service. I remember a flight from Frankfurt to Beirut when an on-board tailor took my measurements for a suit and radioed them to the tailor's shop in Beirut. In the afternoon of that same day, I went to the shop for a fitting and picked up my perfectly tailored suit the following day. Imagine this was the 1970s!

Memorable Multi-week Stays with Family at Astir Palace Hotel in Vouliagmeni Just Outside Athens

Unfortunately, all of this lasted only a couple of years. There were repeated terror attacks at the Beirut airport, and the Middle East Training Center was moved from Beirut to Athens, Greece. However, for me personally that was not bad either. The training center was in Glifada, a fashionable suburb of Athens. It was not far away from the famous Astir Palace Hotel in Vouliagmeni where Jackie Kennedy met Onassis. Citibank allowed me to stay at that hotel while teaching my now expanded two-week Treasury course.

Astir Palace Hotel outside Athens in Greece
HR with son Heinz, 1986

Restaurant of Astir Palace

My involvement in the Middle East Training Center lasted into the mid-1980s and I spent many enjoyable weeks at that place. At different times my entire family has been with me there, including Jill after 1983, my mother, Heinz, Ralf, and Janine.

Executive Seminars at Centre d'Etude Industrielle in Geneva

Beginning in the early 1970s, my friend Mike Callen became involved with an academic institution in Geneva called Centre d'Etude Industrielle (CEI), which was a learning center attached to the University of Geneva. Mike had learned so much about Treasury that he was able to teach a Treasury module as part of a one week Executive program CEI was offering twice a year in Geneva. Because of his growing commitments and responsibilities for Citibank in the Middle East, Mike was no longer able to continue his teaching at the CEI and recommended that I take his place.

As a result, in about 1975, the head of the CEI, Dr. John Heptonstall, called me and asked me to take Mike's place. I gladly accepted and taught my Treasury material in the CEI executive program twice a year. Executive Programs are attended by people who usually are in middle management positions for companies in all industries. They either work for banks or in the finance departments of non-financial institutions.

There was no problem with Citibank. Mike Callen had done it before, and he had introduced me to the Geneva school. The understanding was that I did this activity on my own time (vacation time) and that the organizer of those seminars represented an academic institution. Initially, my compensation was modest. They paid First Class air transportation from wherever in the world I was at the time. There also was at least one fantastic dinner, sometimes not in Switzerland but in France. Geneva is so close to France that it was sometimes only a 20 minute ride across the border to a restaurant in France. I was always amused when John Heptonstall told me to “bring your passport; we are going to France for dinner.”

John Heptonstall had a teaching assistant, Mike Katz from Australia, who helped me in many administrative matters. I also met his wife Frederique, who came from Geneva, the French part of Switzerland.

Mike Katz later had an interest in working for Citibank, and I was able to help him with that. He worked for Citibank in Switzerland and Tokyo and we stayed in touch, including a nice dinner in Tokyo. Later Mike left Citibank, went back to Australia, and in the mid-1990s became a very senior executive at Commonwealth Bank of Australia in Sydney. I will talk about this later on page 351. Also, see Mike’s contribution to my 70th birthday book. (See birthday letter from Mike Katz.[9])

My First Book: Foreign Exchange Markets, 1977

Help from Co-author and Harvard Professor Rita Rodriguez

Beginning in the early 1970s, friends suggested that I put my ideas about Foreign Exchange into a book. I tried to write or talk to a recording device, but it did not work. Finally I decided to find a co-author, and it seemed that my friend at Harvard Business School, Rita Rodriguez, was the perfect candidate. Rita was married to Eugene Carter, also at the time an Associate Professor at Harvard. Together, Eugene and Rita had already written several books. They had the experience and also good contacts with McGraw-Hill as a publisher.

I floated the idea with Rita, and she was interested. We actually began to work on the book when I went for the 14-week PMD program at Harvard in the spring of 1974. However, I soon noticed that I had a communication problem with Rita. She did not understand or, as it appeared, did not want to understand.

She finally admitted that she did not want to write the book the way I wanted it. I wanted to use many very simple examples using automobiles and vegetables etc. as analogies. This was too basic and simple for Rita. “Harvard professors do not write books like that”, she told me. I insisted on keeping it as simple as possible, so we agreed to disagree and parted as friends.

In Foreign Exchange “Too Simple Does Not Exist”

One year later, in 1975, Rita called me and said that she no longer was teaching the MBA program at Harvard. Instead the school had asked her to undertake a study on *how U.S. multinational companies were coping with floating foreign exchange rates.* The dollar had been detached from gold and floated freely against the world’s major currencies. American multinational corporations were impacted by that, and Harvard asked Rita to do a survey on how these companies were coping with those floating exchange rates. Rita continued, “I have spent last week talking to the senior finance officers of about ten major companies and found that on the topic of foreign exchange *too simple does not exist*. Therefore if you, Heinz, are still interested, I am willing to write the book your way.” And so we did.

I wanted the book to be published as soon as possible and use it to support my teaching inside and outside Citibank. There were publishing companies willing to do this in six weeks after they were provided with the final manuscript. McGraw-Hill wanted one year for the publishing process. Their quality standards for checking all kind of things are very high and, therefore, it takes that long.

In this confrontation Rita won. She argued, and convinced me, that years later I would be glad and proud to have written a book that a prestigious company like McGraw-Hill was willing to publish. She was correct. I was advised that McGraw-Hill on average accepts about one out of ten manuscripts that they receive with a request for publication. (See birthday letter from Rita Rodriguez.[10])

I should mention that at that time in the 1970s Citibank employees were not allowed to write books. Citibank Management had noticed that many MBAs would join the bank, learn a lot about banking and then write books about what they had learned at Citibank. The bank did not want that and did not allow it.

I received special permission from President Bill Spencer to write my books. I argued, and my boss Don Howard confirmed, that most of what I wanted to write about in my book was stuff that I had invented and taught *to* Citibank, and not learned *from* Citibank.

Production of Nine-Hour Video Tape Describing the Treasury Concept, 1976

There was so much demand for my lectures on Treasury inside Citibank that the bank asked me to put all of that on video tape, so that audiences could view it and learn from it without me being personally present.

I prepared for this with the help of a lady from public relations and a gentleman called William Sunshine, who at the time was doing the graphics for the CBS show 60 Minutes. The transparencies I had been using for my presentations were a good start, but obviously the CBS expert added a lot and I learned a lot more about making visuals. In the end we broke down all my material into 20 individual tapes ranging in length from 8 minutes to 45minutes per tape. We recorded this in New York City in a Broadway studio with all the professional trimmings including pancake make up for me. There was not a single re-take needed, and we finished the whole thing in one long day.

The tapes were distributed in Citibank globally and served as a base for our staff for many years to learn about the Treasury concept along with my book after it was published in 1977.

Regional Treasurer for the Asia/Pacific Area, 1976

HR at age 40

On Friday, December 19, 1975, one of my major mentors in Citibank, Don Howard, called me to his office and asked me to assume the role of regional treasurer for the Asia/Pacific area. At that time, Don was kind of the treasurer for the entire organization, including Citibank's business in the USA and its parent company, the one-bank holding company, Citicorp. (See birthday letter from Don Howard.[11])

Don asked me to think about this over the holidays and give him my decision at the beginning of the New Year. Just as I knew immediately in my gut in 1970 that I would accept the proposal to move from Germany to New York, I also knew immediately in this case that I would agree to move from New York to Asia. Wife Ingrid agreed, and so we prepared to move with eight-year old Ralf and six-year old Janine to the Far East.

The question was: Where to?

Citibank did not have any Regional Office in Asia. Therefore, the bank allowed me to pick the city and country where I wanted to live. Initially I thought that it had to be either in Singapore or Hong Kong. However, once I took a realistic look at Manila, Philippines, it was clear that at that time (1976) this was the most attractive place and we had to move there. Here were all the reasons:

- Ferdinand Marcos was President. He was a dictator, but everything worked well and the crime rate was low.
- Fantastic housing was available at low cost. I was now 'International Staff' because my home base was the USA. With my housing allowance I could afford a brand new palace type house in Dasmarinas Village, one of the top living areas for rich locals and expatriates like myself.
- The cost of everything was low. Ingrid hired six servants, including a driver and his wife who served as a cook. The monthly cost for all six of them was 200 US dollars a month.
- The private schools for Ralf and Janine were outstanding, with Jesuit type discipline and academic standards.
- I was not part of the local Citibank Manila branch staff. I was in my own regional office. President Marcos wanted to establish Manila as an international financial center and rolled out the red carpet for people with regional responsibilities like myself. There was a ten o'clock curfew for locals, including Americans working in our local branch, but not for me. I was regional staff, and if I wanted to, I could stay out all night. There was a punitive import tax on all luxury goods including fancy automobiles. Again, not for me. I was regional and imported a wonderful Mercedes that in Manila would have cost including the import tax four times what I paid for it in the USA or Germany.
- The local airline, Philippine Airways, was voted best in Asia and offered non-stop flights to all regional capitals where I had to go at least every other month.

In short, it was paradise, and moving there instead of Hong Kong or Singapore was a no-brainer.

Life in Manila, Philippines 1976 – 1978

Just before we arrived in Manila, the city had hosted the combined bi-annual meeting of the International Monetary Fund (IMF) and World Bank. In preparation for this major event, Dictator Marcos had built many luxury hotels with gourmet restaurants. After those international meetings, there was an oversupply in hotels and restaurants, which further suppressed prices at those facilities. Hotels advertised that they had a ratio of six employees for every single hotel guest staying at their hotel.

The dress code was commensurate with the tropical climate with temperatures in the 80s and 90s year round. The formal dress which I wore every day to the office was called a Barong. This was a thin embroidered shirt, which was considered the national dress of the Philippines. It is lightweight, usually made of banana leaf and worn un-tucked over an undershirt. There is no tie worn with it, but the cuffs are elegant, and I usually wore cufflinks with it. The specific color, material, and cut changed slightly with the fashion of the quarter. One of the top tailors in Manila had standing instructions to make three new shirts for me whenever there was a change in style. The shirts were inexpensive and cost something like $ 20 apiece.

We joined the top local country club, the Polo Club which, as the name suggests, also was a major polo center. I used the club mostly for tennis. Janine improved her swimming with almost daily swimming lessons.

My son Heinz from Germany visited two times, in 1976 and 1977, for several weeks and always had an exceptionally good time.

The Philippines are considered world headquarters for ghosts. Even though our house was brand new and we were the first tenants, our house staff insisted we had ghosts. They believed that the construction workers had not left food for the ghosts when they went home in the evening and, therefore, the ghosts were now making trouble.Even Ingrid confirmed that she could hear steps coming her way in the middle of the day, and that she could talk to those ghosts. Janine experienced ghosts in her room and there once was a fire in her room possibly created by those ghosts. I had several tennis rackets, and they were sometimes mixed up by ghosts, because all of the servants promised not to have touched them.

The staff insisted that we should bring a priest to the house and have it blessed. I hired a priest, who walked through the entire house, burning candle in hand, with all staff and our family following him. He blessed each room of the house, and after that there were no more ghosts.

My business activities also were successful so that, in summary, life was good for the family and for me.

Business Activity as Regional Treasurer in Manila

The local Treasurer, Ray David, gave me one of his best people as my assistant. It was a slight Chinese lady named Linda Cuatico. She was very smart and learned whatever she did not yet know about Treasury in a very short time. She was the perfect assistant and held all the administrative stuff away from me. The treasury business worked very well in all countries. We were making good money and were constantly ahead of ambitious budgets. (See birthday letter from Linda Cuatiico.[12])

Linda Cuatico with Janine and HR

Creation of the Bourse Game in 1977

At the time, Citibank had a problem in all of its overseas branches, which was that the majority of loans were made in US dollars. This was not good. Any American bank could make dollar loans, even though they did not have the unique global branch network that Citibank had. As a result, there was a lot of competition in making dollar loans, compressing the profit margins on those loans.

Loans in the respective local currencies of countries around the world had much larger profit margins because there was less competition. Citibank had branches in all those countries and could have made very profitable local currency loans. Instead we were making dollar loans out of those foreign branches. The reason for that was that our branches did not have enough local currency deposits to make local currency loans. We needed to change two things:

- Find a way to create more local currency deposits so that we could make more local currency loans with big profit margins instead of dollar loans with small profit margins.
- Increase our foreign exchange trading with customers. This was profitable all by itself and would help create local currency deposits.

Foreign Exchange profits were *non-funds revenues (NFR),* which do not create assets on the balance sheet and were much more desirable than *net revenues from funds (NRFF)*, which *do* create assets on the balance sheet and require more equity in the balance sheet.

The problem was that our traders in the Treasury departments understood all the above including the business of foreign exchange, but our traders did not have contacts with customers. Our account officers and relationship managers, i.e. our corporate bankers had that contact with customers. We had to teach those corporate bankers the foreign exchange business so that they were comfortable talking about FX and were able to solicit that business from our customers.

A Foreign Exchange and Money Market Trading Simulation – Successful and Copied by Other Banks; Used Globally to This Day

(Reference from page 429)
The answer was to create a foreign exchange and money market training activity from which our corporate bankers could learn the foreign exchange business.

I did exactly that in Manila and called it the *Bourse Game*. Bourse is the French word for *exchange*, so it was the *exchange game*. My goal was to develop such a game and turn it into an institutionally recognized treasury training facility. I did that, and it was a success.

The game was always held for 32 participants (at least half came from other countries) in a hotel so that we had at least 16 hotel rooms in a natural way. We created 16 'banks' of two people each, and each 'bank' used a hotel room as their *dealing room*. I gave lectures in the morning, and in the afternoon there was trading between those 16 banks on the phone so that participants could apply in practice what they had learned in theory in the morning. The phone calls and talking on the phone was important so that participants would learn and become familiar and comfortable with the professional terminology of FX traders. That was what they needed to solicit FX business from our customers.

The Bourse Game was a tremendous success. Linda Cuatico was a great help. I think I could not have done it without her administrative support. One year later, in 1978, Citibank Brazil invited Linda and me to hold the Bourse Game in Rio de Janeiro where it also was successful.

The goal for the game to become *an institutionally recognized treasury training facility* was achieved. Other banks copied it to train their own staff and their customers. The game is in active use globally to this very day.

HR at the Great Wall of China 1980

Professor at Asian Institute of Management (AIM) in Manila, 1977

As mentioned above, President Marcos had the goal to make Manila an international financial center in Asia. At the time when I had to decide where in Asia I wanted to live, Manila was called *Pearl of the Orient*, which already was true in many ways, and the reason why I moved there and not to Hong Kong or Singapore.

The Asian Institute of Management (AIM) had lofty goals of becoming a leading regional academic institution. They had a self-imposed limit that no more than 50% of their students could be from the Philippines, which is to say at least half had to come from other Asian countries. The President of AIM had been a priest. Therefore he was called Father Jim.

Father Jim was entrepreneurial and creative. Therefore, in late 1976 he wrote a letter to Dan Jacobsen, the Head of Citibank Manila, with the following request: When senior Citibank people from New York or other parts of the world come to visit Manila, would it be possible for them to spend an hour or so at AIM speaking to their MBA class to tell them about what is happening in the world. This would further bolster the international cache of the school, and also further support the reputation of Citibank for spreading financial expertise in the country.

Philippine Country Head Dan Jacobsen remembered that I had just established my own little regional office and had a reputation for giving seminars and that sort of thing. So he passed the letter from the AIM president on to me. I called the Father, made a date, went to the school, and talked to the MBAs about the international financial markets as well as the outlook for FX rates and interest rates.

It was a success. Father called me the next day asking for me to come back and do it again. I asked, "What do you want me to talk about?" He said, "Whatever you want. The students liked your style and would like to hear more from you."

One thing led to another and within a couple of weeks I created an outline for a formal MBA course called *International Treasury Management*, for which students would get three credits. Many Asians, particularly the Chinese, have difficulties pronouncing my family name. Add to this that many Asians state the family name first, so that my name would be Riehl Heinz. As a result, to this day, I am in most Asian countries called *Professor Heinz*.

Father Jim was industrious and also organized executive programs, which were often held in a small town called Bagio. This was a mountain resort about two hours away from Manila by car. I taught a half-day module in one of those executive programs and, in that context, met another American, Tom Johnston, a senior officer of Chemical Bank in New York. Tom also taught a module in that same executive program. He and I got along well and had a good time together.

After two years as Regional Treasurer living in Manila, all fourteen countries for which I was responsible were running well. However, there were consistently new ideas being born, which had to be pushed through and approved in New York; and New York would only approve if they understood all the new stuff. Explaining was difficult from half way around the globe.

So I decided that I had to move back to New York to be closer to Senior Management. That move occurred around the fall of 1978. I retained the same job and the same responsibilities, but would live in the USA and travel to Asia frequently. Even when I lived in Manila and traveled, I could only be in one of the 14 countries at a time. Therefore, living in the USA and traveling did not make that much difference from a job viewpoint, and how often I would be physically in a given country.

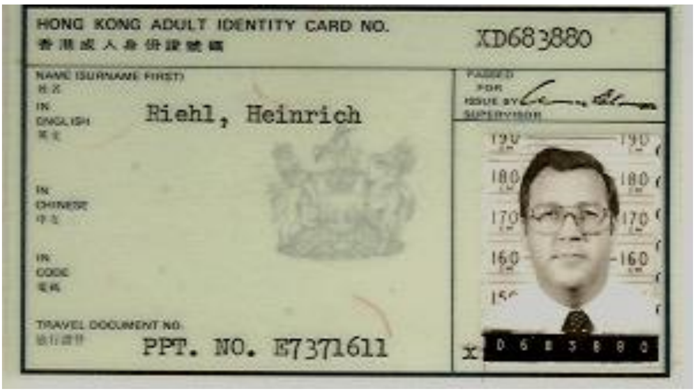
Father Jim at AIM regretted my departure because my *Treasury Risk Management* course had become very popular and the question was, "Who would teach it in the future?"

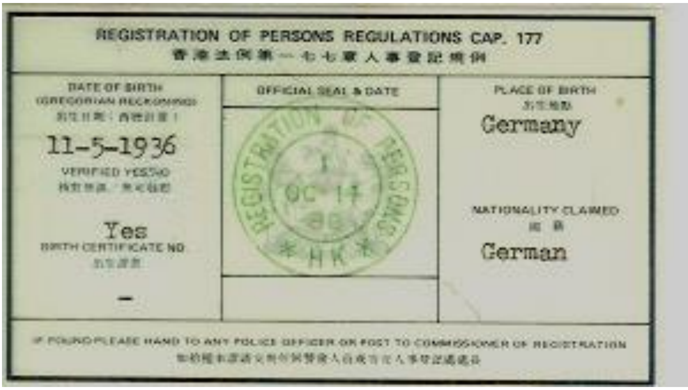
The answer was as follows: The new head of all international business in Citibank came from New York to Manila and formally presented to AIM my nine hours of video describing Treasury. One of my AIM Professor-friends received special indoctrination from me, and he, assisted by the video, continued to teach my course.

The presentation of the video to AIM by a Citibank Senior was covered by the local press, highlighting again the commitment of Citibank to the Philippines, import of know-how, and all of that.

Moving to Hong Kong

In spring of 1980 Citibank decided to establish a formal Regional Office for Asia under the leadership of Ray Kathe, a Citibank old timer and old Asian Hand. He picked Hong Kong for his new regional office, and all his staff and direct-reports had to move to Hong Kong. So I had to move back to Asia from New York and I became a resident of Hong Kong.




REGISTRATION OF PERSONS REGULATIONS CAP. 177

DATE OF BIRTH (GREGORIAN RECKONING)

11-5-1936

VERIFIED YES/NO

Yes

BIRTH CERTIFICATE NO

—

OFFICIAL SEAL & DATE

PLACE OF BIRTH

Germany

NATIONALITY CLAIMED

German

1980 Hong Kong I.D. card

I did not move my family back to Hong Kong. They stayed in Darien where Ingrid, with my approval but without me ever having seen it, had bought another house. The family moved somewhere around 1979 from Hollow Tree Ridge Road to a beautiful dead end street named Stephanie Lane.

Hong Kong real estate prices and corresponding rentals had skyrocketed. With my housing allowance I could afford to permanently rent a suite in the Hong Kong Hilton with a bedroom, living room, kitchen and dining room. All of this was cheaper than renting an apartment in town. I personalized my suite at the Hilton with some of my own carpets, paintings and other art objects flown to Hong Kong from New York so that it felt as if it was actually my apartment. Also, I never had to worry about getting a taxi. There was always one available at the entrance of the Hilton. Obviously I traveled a lot, both around Asia and back to the USA, to see my family and the people at Citibank New York.

Stories about Japan

Once during the period between1976 – 1980 when I was Regional Treasurer for Asia living in Manila, I took a trip to Tokyo to review our Treasury operations there. My plane landed in the afternoon and I went straight to our Tokyo office with my baggage in hand, i.e. before checking into my hotel, usually the Palace Hotel.

Our Treasurer, Noda-san, took me to dinner straight from the office. We had a bit to drink and it got late. Noda-san suggested that I come home with him, meet his family, spend the night at his house, and then go straight to the office with him the following day.

Anybody who knows anything about Japan will also know that going to a Japanese private home and, even more, staying overnight is most unusual. His wife and two teenage daughters were very surprised and literally did not know what to do or say. They spoke very little English and everything had to be translated by Noda-san. When I write this down it sounds like nothing special, but believe me, it was a most unusual, almost unbelievable experience.

Another story playing at the same time, 1976 – 1980, reflects the unusual way of Japanese thinking. In those days I would go to Tokyo frequently, about every six weeks. Noda-san liked Scotch, and there was still a high import tax on Scotch, almost double the price for local Japanese. Because of that, and because it is a Japanese custom to bring presents, I always bought a bottle of Scotch duty free on the plane for my friend.

One day an American lady who had worked for years for the U.S. embassy in Tokyo explained to me that I should bring two bottles for my friend if I really wanted to please him. I said, "Of course, anybody would prefer to receive two bottles instead of just one bottle. But the lady explained", It is not the volume of scotch. Instead it is the number of bottles. If you give one bottle to a Japanese person, he will feel uncomfortable because he has your bottle and you do not have it anymore. However, if you give him two bottles, then you are indicating that you have many bottles, and giving away two bottles does not bother you much. Therefore your friend will not feel bad!"

My last story occurred in the early 1990s, when I was invited to Tokyo to give my presentation on Treasury Risk Management to Japanese banks. Jill was with me. I had made it known that I had heard a lot about the Tokyo Fish Market (Tsukiji) and that Jill and I would love to see it. So of course it was arranged. One of my American friends from another bank and his Japanese secretary picked us up at 3:00 a.m. at our hotel. Jill did not like getting up that early, but she wanted to see the Fish Market.

The market is a huge hall that covers an area approximately ten times the size of the grounds for any of the recent Olympic Stadium complexes. Every night some 50,000 people come here to work. Every kind of fish from the oceans of the world can be found here, from an inexpensive flounder to a 500 pound tuna. I never saw so many full sides of tuna in my life. What I call a “side” is a thick piece of tuna about 4 to 5 feet long. They come in a variety of qualities, and I was told that the same size of tuna in a higher quality can be ten times the price of a lower quality.

The first fish arrives at the market shortly after midnight. The auctions begin at 3:00 a.m. and the sales begin at 5:00 a.m., first to wholesalers and later to retailers. The sellers and buyers were yelling and bargaining almost like trading foreign exchange at the Paris Bourse at the corbeille, described earlier in this book on page 125. The buyers in this market were obviously not housewives, but representatives of the top Japanese restaurants.

The blades of the knives used to cut the fish are either stiff or flexible as needed for different parts of the big tunas. All knives are unique and specially made to order, with each knife bearing the signature of the owner and coat of arms of the craftsman who made it. The price of such a knife can be several thousand dollars. Some knifes are sword-like Takeda-knives as used by the Samurai. Others are much shorter and look like an Indian Bichwa dagger. Every day those knives are sharpened and polished for a couple of hours and are as sharp as a razor blade. They cut through the heavy fish like bread knifes through butter.

After watching for some 20 minutes we went to one of the many little restaurants around the trading action, but still in that huge hall. We ate delicious fish, mostly raw, with plenty of sake wine. It was unbelievably good. I am not sure which was better – the high quality of the fish or the ambience and the sake.

Anyway, by 6:00 a.m. we were in bed again in our hotel semi drunk, and slept until lunch time.

Moving Back To New York From Hong Kong at the End Of 1980

My life as a resident of Hong Kong lasted a little more than six months. At the end of 1980, Ernst Brutsche resigned from Citibank. He had been in charge of foreign exchange and money market trading for North America (including Canada) in New York. Don Howard called me and offered me the opportunity to succeed Ernst, and so I moved back to New York.

This was good for everybody. I was reunited with my family and had less business-related travel. The job was a big one, actually the biggest line job I ever had.

HR in 1983

Family Life 1978 to 1983

Life in Darien continued to be good. We enjoyed our new house on Stephanie Lane. One of the neighbors organized Christmas caroling, which we all enjoyed. Janine at age 8 and 9 was usually sitting on the back of another neighbor, Bill Mapel. Bill was a Senior Vice President at Citibank in domestic banking, but I never had much prior contact with him.

Son Ralf at age 6 in 1974 **Daughter Janine at age 4 in 1974**

In addition to my parents and son Heinz, there were repeated visits from Ingrid's nephews and a longtime skiing friend of Ingrid, Walter Paulus. I resumed actively playing tennis at the Country Club of Darien. I won the tennis singles club championship in 1974 and 1975 but did not compete in 1976 and 1977 because I had been living in the Philippines. I made a special effort to win that championship again in 1978 at the age of 42. My competitors were young kids in their early twenties.

The 1978 finals were scheduled on a weekend when I was committed during the prior week to teach at the Citibank Middle East training center in Athens, and soon after that weekend in Geneva for CEI. Athens was a Citibank event, and Geneva was not Citibank – it was my own private teaching activity. It would be perfectly acceptable to collect an airfare for trips to New York from both Citibank and CEI, which would make it possible for me to fly back from Athens on a Friday, play the Club championship over the weekend, and then fly to Geneva to teach my executive seminar from Wednesday to Friday. It was a little tight, but I had lost some weight, taken some lessons from the pro and trained for this 1978 Club Championship event. I badly wanted to win that club championship one more time.

It worked, and I was happy! So I won that title in 1974 and 1975 and again in 1978. The three trophies have a special place in my house.

My marital relationship with Ingrid began to suffer. The frequent travel did not help and there were other reasons as well. Citibank demanded a lot of my time, including evening activities with customers.

I decided to buy a small condo in Manhattan on 79th Street between 2nd and 3rd Avenues. It was a wonderful one bedroom condo with a wood-burning fireplace and still in comfortable walking distance to my office at 399 Park Avenue and 53rd Street.

I began to think about a divorce, but I could not bring myself to take that step. The way I was brought up in the 1950s, people just would not divorce. One would just somehow continue to get along, largely because of the children. And I already had one divorce. My thinking was that never mind how successful I might be in my business life, with two divorces I would be an outcast. So, Ingrid and I just continued to live our lives without having much in common.

Ralf was diagnosed with a learning disability and dyslexia. We sent him to Eagle Hill in Hardwick, Massachusetts, which was a special school designed for bright, capable students experiencing academic difficulties because of a specific learning disability. The school was only about two hours away from Darien so we could visit him from time to time, or he could come home for long weekends and holidays.

The important thing is that the school was very good for him. He still has a little difficulty reading fast and writing. However, he has that in common with Nelson Rockefeller, President Nixon and ex-Citibank Chairman John Reed, who all had exactly the same problem and did well in life. The same is true for Ralf. He graduated successfully from Darien High School, and after that from Babson College in Boston. At Babson, students gain an entrepreneurial mindset necessary to achieve their goals and make an impact on their careers.

Janine went to a nearby Connecticut boarding school, and later to the Knox School in St James, Long Island, which is a dynamic and diverse community that fosters personal and intellectual growth. Janine graduated from Knox with her High School degree and after that went on to Pine Manor College near Boston. Pine Manor's mission is committed to educating and empowering a diverse student body with the knowledge and skills they will need to meet the challenges of career, community, and citizenship in today's global society.

As the years went by, my relationship with Ingrid continued to deteriorate. I found myself staying more often in my apartment in the City. We became de-facto separated in 1983 and ultimately divorced in 1984. Ingrid had custody of Ralf and I had custody of Janine, and both Janine and I were happy with that.

I paid alimony for Ingrid to 'maintain the life style to which she was accustomed.' After a couple of years, Ingrid told me that she wanted to open a restaurant. She proposed to capitalize my monthly payments. This meant that I would no longer pay a monthly amount; instead, I would pay one large amount one time and thereafter have no more obligations to her. I agreed to this, and paid her the equivalent of four years' alimony. It turned out that she never opened a restaurant. Instead she married her ex-boyfriend and ski instructor Walter Paulus a few months later.

My life in Citibank Beginning 1981

When I returned from Hong Kong, the first good news I had after arriving at Citibank New York in the New Year was that I got the same wonderful office that Ernst Brutsche had occupied, the corner office on the 6th floor on Park Avenue and 53rd Street. It was very large and offered a great view south towards the Pan Am building and Grand Central Station. I kept that wonderful office almost until my retirement at the end of 1995. See photo below.

Corner office on the 6th floor on Park Avenue and 53rd Street

I had responsibility for interbank and corporate foreign exchange and offshore US dollar (Euro dollar) trading for Citibank Nassau, i.e. the offshore funding center that I had created in 1970, 11 years prior. This was a big job. I had about 200 people reporting to me. The Nassau funding center had grown into a huge profit center.

Corporate FX was something I had created some years ago. Now, the FX dealing room was divided into two areas: corporate and interbank. When the phone rang in the interbank section, traders knew that it was another bank calling, such as Chase or Bank of America. When the phone rang in the corporate FX section, traders knew that it was a customer calling, such as IBM or Coca Cola.

The interbank trading was highly professional and fast. The corporate FX trading was much slower. Traders would talk to customers about what was happening in the market, interpretation of the latest news, etc. This division between interbank and corporate FX again was a first. I had instituted it, and it worked. The volume of our corporate FX business was growing.

Another thing I created at the time was an overnight FX desk where customers could call after business hours. This overnight desk was immensely profitable. We found that otherwise tough customers who would drive a hard bargain to get the best rate were less difficult to deal with in the evening or at night. It was either that they were not in the office environment anymore, or it may have been that they already had a drink. Who knows? The fact is that we were making a lot of money on that overnight desk.

The entire FX area was headed by Jim Wiseman. His deputy was Rich Mahoney. Rich thought that he should be in charge of FX and not Jim Wiseman. That rivalry began to disturb and negatively impact the performance of the entire Foreign Exchange Department.

On my first day on that job in January 1981, my boss Don Howard told me that I had to solve that problem and decide who would be the boss for the future. I knew immediately that they were both very good, but I also knew that Jim Wiseman was better. I just did not have the courage to tell Rich.

Giving Rich what he had to perceive as bad news was made even more difficult for me because I knew that Rich's wife was pregnant and that there were some serious medical problems. I understood that the baby needed heart surgery before being born.

Weeks went by and periodically Don Howard would ask me whether I had decided on the leadership of the FX department. Finally, Don told me if I did not do it this week he would make the decision for me. I could not allow that to happen. It would have been a slap in my face and indicate that I could not manage a large profit center like the one I was heading, and that I was not able to make a tough decision.

I thought about the problem intensely and came up with a great, nearly solomonic solution: Treasury meant the combination of FX and money market business. Traders had to be able to trade foreign currency rates and interest rates, yet most traders were familiar with only one type of trading, either FX or interest rates. That was particularly true for Citibank New York, because both areas, FX and interest rates, were so very large.

Rich Mahoney was a FX trader and knew little about interest rates. Also, the Chicago Futures Exchange had just started trading a futures contract for Euro dollar interest rates. In fact, my good friend Tom Bergen who was running the offshore Nassau desk was looking for someone to fill that futures trading job.

I talked to Tom Bergen, described the dilemma I faced with Rich Mahoney, and Tom agreed to give Rich the new job of trading Euro dollar interest rate futures. (See birthday letter Tom Bergen.[13])

It worked. Rich understood that this was a great opportunity for him to learn interest rate trading in addition to FX rates, which he already could do very well. At the time I said that he was growing his *second leg*, the interest rate leg, in addition to his already existing FX leg.

Rich Mahoney left Citibank a few years later and became a very senior person in Bank of New York in charge of all Treasury business of that bank. He knows that having grown his second leg was pivotal for him getting that big job at Bank of New York.

By the way, his baby was born a healthy boy in 1981 and, as of this writing, that baby is 36 years old.

The period between 1981 and 1982 was also the time when financial derivatives were developed. Under my supervision, my traders and Citibank played a key role in that development. At the end of 1981, we did the first foreign exchange option for $ 5 million against Swiss francs with Nestle in Switzerland. Something similar was true for interest rate derivatives like *Interest Rate Conversion Agreements* (commonly and sub-standardly called *Interest Rate Swaps*) as well as *Forward Interest Rate Agreements*.

These new derivative FX and interest rate products needed to be explained, first to our own marketing people and, ultimately, to our customers.

Also, I approved for Lisa Polsky to develop and invest in a product called *Citi Trend*. This was an FX trading system based on technical analysis that decided when to buy and sell foreign currencies. We first used it for our own account and, after it proved to be successful, we sold it to customers so they could use it for a fee.

In early 1981, there was one more important milestone in my life; I was promoted to become a corporate Senior Vice President of Citibank. This made me one of the top 100 officers of this largest bank in the world.

Member of New York Federal Reserve Bank's Foreign Exchange Committee, 1981

Ernst Brutsche had represented Citibank on the New York Federal Reserve Bank's (FED) Foreign Exchange Committee (FXC) since its inception in 1978. When Ernst left Citibank, the FED called the Public Relations Department of Citibank to request that Citibank nominate another representative on that committee. The head of Citibank's Public Relations Department was Rick Wheeler, my tennis friend from the 1970's. He recommended me which, of course, was also supported by the fact that I was now the head of all foreign exchange trading in North America.

This Foreign Exchange Committee is an industry group that has been providing guidance and leadership to the global foreign exchange market since its founding in 1978. It is sponsored by the Federal Reserve Bank of New York and includes representatives of major financial institutions engaged in foreign currency trading in the United States. Aware of the strong integration of the global foreign exchange market, the FXC is also an active partner with other foreign exchange committees and industry associations worldwide.

The FXC's objectives include:

- Serving as a forum for the discussion of good practices and technical issues in the FX market
- Fostering improvements in risk management in the FX market by offering recommendations and guidelines and supporting actions that facilitate greater contractual certainties for all parties active in foreign exchange

Membership of the FXC is only by invitation of the FED. It is an honor to be selected and a very big deal. Later I will talk about my activities as an Expert Witness in disputes about financial trading and investing as described beginning on page 369. I found that in my affidavits and testimonies in court, the fact that I had been a member of this committee for 15 years (1981 – 1995), and Chairman for three years from 1986 to 1988, always made a big impression on judges and juries and carried a lot of weight, adding to my credibility in court.

The committee meets over lunch on the first Thursday of every month in the building of the New York FED. In January, this meeting is held over dinner. The past chairmen get invited to this dinner, and I enjoy to this day the opportunity once a year to meet in person the movers and shakers of the American FX market.

When I first joined the committee in 1981, I noticed that the members (about 15) were very serious at lunch. There was never laughter or banter. Everybody looked around and was careful before saying something in fear that they could say something wrong.

I quickly developed a good relationship with Gretchen Green, who at the time was the FX head at the FED and secretary of the committee. Later her bosses were Peter R. Fisher and Dino Kos. The latter had been my student in my MBA class at New York University (NYU). (See birthday letter from Gretchen Green Yeo.[14])

After I had been a member of the committee for a couple of years, I organized a tennis outing in my Mid-Town Tennis Club at Sutton Place in Manhattan, only a couple of blocks away from where Jill and I lived at the time.

We met at my club for lunch for our regular monthly meeting. In the afternoon we played tennis, followed by dinner at the club with lots of good food, wine, and laughter. The dinner was also attended by Gerry Corrigan, at the time President of the New York FED, which gave the entire affair a nice senior flavor.

After the committee members had seen each other in tennis shorts, our monthly meetings were much more relaxed. (Those who did not play tennis were asked to show up in tennis attire anyway.)

Just as I had been the change agent and innovator at Citibank for everything that had to do with financial trading, I also brought all these new ideas to the FXC. The Committee produces an annual report that contains all important memoranda the committee published during the past year. Many of these memoranda were authored by me and found their way into those annual reports. I was very proud when I wrote and signed the overview in those three years when I was Chairman.

CHAIRMAN'S REPORT

During 1987 the Foreign Exchange Committee identified and dicussed many of the facets of managing the counterparty or credit risk involved in foreign exchange.

A major Committee effort was the drafting of a response to a proposal of the United States and United Kingdom bank regulators to include foreign exchange and interest rate contracts in their framework for a risk-based capital guideline. The Committee's response focused on the methodology for measuring credit risk for foreign exchange contracts and on the competitive implication if these regulations were to apply only to banks located in the U.S. and the U.K.

The Committee was pleased to see that the latest initiative in this area, the December 1987 "Basle proposal" put forth by twelve countries (G-10 and Luxembourg), is consistent with the Committee's recommendations and contains desirable adjustments to the methodology.

Another example of the Committee's interest in managing risk was its discussion of the adequacy of documentation for long term forward foreign exchange contracts. The Committee did not reach a consensus about the appropriate degree of documentation on these contracts. But a number of interesting ideas emerged from the Committee's discussion of this point, as reported more fully in the text of this report.

Committee members believe that netting foreign exchange transaction obligations by novation can ultimately reduce counterparty credit risk as well as contain operating cost.

The subject of contract netting was frequently discussed at Committee sessions and will be a continuing focus of our attention for the year ahead. Commercial banks represented on the Committee are reviewing their own exposures and are considering the pros and cons of entering into novation netting agreements with some of their counterparties.

The Committee intends to study in 1988 some of the approaches proposed to implement netting and to prepare a paper for general circulation describing these approaches.

Finally, the Committee feels a continued need to bring to the attention of all market participants the Guidelines for Managing a Foreign Exchange Trading Operation. Although this Committee paper was prepared last year, Committee members believe it continues to be relevant and timely to today's market environment. Once again, the Committee encourages that this paper be distributed to all traders to assure awareness and to generate a discussion with management of the many issues covered in these Guidelines.

Heinz Riehl

Heinz Riehl

In my first ten years as a member of the committee, from 1981 to 1990, the committee focused on the best practices of actual trading in the foreign exchange and money markets. Later, there was also focus on internal controls and risk management. As I was instrumental at Citibank in developing many of these new control systems, I brought them also to the attention of this committee, and in 1991 until I retired at the end of 1995, I became Chairman of the FX committee's Risk Management sub-committee.

Needless to say, I developed close relationships with the committee members who were all top FX people of the major local and foreign Banks in the USA. One such person was Stephan Bub who was the senior trader of the German Hypo Vereinsbank in New York. I will have more to say about him later. (See Stephen's birthday letter.[15])

My Largest Transaction: Buying Gold for the Japanese Emperor

Hirohito (1901 – 1989) was emperor of Japan from 1926 until his death in 1989. In order to celebrate and commemorate his 60th year as Emperor in 1986, the Japanese government decided to create a gold coin in his honor. Specifically they wanted to strike six million coins of one ounce each. At the end of 1985 the price of gold was about $ 320 per ounce, so that six million ounces equated to almost two billion dollars. Purchasing such a large amount would move the price of gold higher. The challenge was to buy it as cheaply as possible.

At that time, one of my responsibilities in Citibank was gold trading, including supervising and managing the Citibank gold vault in Basement C at 399 Park Avenue, which is the largest private gold storage facility in the USA. Only the United States Bullion Depository, often known as Fort Knox, is larger.

We did not speculate in gold but used it in the context of corporate finance. We also provided long-term hedges for gold mining companies. They knew that they had gold in the ground and they knew the cost of mining it. They did not know at what price they would be able to sell the gold two to five years into the future. That is where my department came in. Using the same basic Treasury concept with which I had created forward exchange markets around the world in the mid-1970s, I was able to calculate and provide long term forward prices for gold.

We bought the gold forward from the mining companies, sold spot gold in the market and borrowed the gold in the market, ending up with two to five year dollars at a fixed interest rate; usually well below the prevailing market rate.

Our senior Japanese officer Umisomo-san had convinced his friends in the Japanese government that we would not *front-run* their order. *Front running* means that we would first buy gold for our own account driving up the price, then start buying for the Japanese, and in the end selling to the Japanese our pre-purchased gold at a large profit.

Because of the size of the order and the near certainty that the price would rise if this information were to leak out, the entire deal had to be kept top secret. In addition to my two gold traders and me, only about ten other people in Citibank knew about this gold trade.

The transaction was without risk for Citibank. We had agreed on a scale of average prices and profit for us. The higher the average purchase price, the lower was our profit; conversely the lower the average purchase price, the larger the profit for us. The only risk was a lower profit, but there was no chance for a loss.

One important part of the agreement was that the gold to be delivered and sold to the Japanese had to be what is known in the trade as *4 nine gold*. This means that 99.99% of the gold had to be actual gold. The normal gold traded in the market at the time at $ 320 per ounce, is called *2 nine gold*, which means that only 99% of the gold is actual gold. The other 1% is usually copper, to make the gold a little harder and less likely to scratch. (Gold for jewelry is usually 18 karat or 75% gold.)

We started buying in the fourth quarter of 1985. The process of buying was slow; we had to be careful not to be too aggressive with our purchases to avoid driving the market price up too much. At the end of each day we reported to Japan the amount of gold we bought and the average price. We planned to do this until all the gold was bought. Then we would be able to calculate the grand average price and, based on that, determine our profit as described above.

In those days the Russians were a big factor in the gold market. They traded in the market for two reasons:

1. When they needed dollars to beef up their foreign exchange reserves, they would sell their own gold, which they produced in large quantities. All Russian gold was produced as 4 nine gold. So when the Russians sold 4 nine gold, the world knew they were selling their own gold and the world lowered the gold price a little to disadvantage the Russians.

2. The Russians also were professional in-and-out traders in the world gold market, i.e. they bought when they thought it was

cheap and they sold when they thought that the price was too high. In other words, they were just ordinary traders like everybody else in the market, including Citibank. When they participated in the market in that capacity, they were selling 2 nine gold just like everybody else. In such cases, the world did not manipulate the gold price a little lower, because they knew that the Russians were just trading and not liquidating part of their gold reserves to raise much needed dollars.

Just before Christmas 1985 I went to Moscow with my two gold traders. My idea was to cozy up with the Russians over a bottle of Vodka and possibly buy the entire 2 billion dollars' worth of gold from them in one single trade. It would have been a super win/win situation for both of us. They had the gold and needed the dollars. I had the dollars and needed the gold. Do the trade in one shot, completely bypassing the market, not moving the price even a tiny bit, and securing a maximum profit for Citibank. If we could have made it happen, we would have bought all the needed gold without moving the market price at all.

It would have been great, but I could not bring myself to trust them. If I had told them the truth, there was a chance that they would have started *buying* gold and driving up the price. In addition, my purchases in the open market would have further increased the gold price. At that time, they could have sold their own gold to raise the needed dollars at a fantastically high price. This was too much of a risk, and I never proposed my plan. We bought just 10 million dollars worth of gold from them and that was it.

We managed to buy the needed gold in the open market and did not increase the price too much so that we made a nice profit of about 60 million dollars. The price of gold moved up a little less than 10% from $ 320 to $ 350 per ounce.

However, before celebrating the successful deal, there was one larger problem to overcome: the gold we had bought in the market was 2 nine gold and we had promised the Japanese to deliver 4 nine gold.

The traditionally normal way to convert 2 nine gold into 4 nine gold is to melt it down and refine it into the wanted 4 nine gold. The problem was that our amount of gold was too big for that process to work within the limited time we had available. If all the gold refineries in the world had stopped doing what they were doing and only worked for me refining my gold, there still would not have been enough time for them to finish in time to meet the committed deadline for the gold to arrive in Japan.

We had a big problem!

At that point I had one of my more creative moments. I went back to the Russians and proposed the following:

- Let's do one gigantic two billion dollar gold trade:

  I will give you what I have i.e. 2 nine gold and you will give me what you have i.e. 4 nine gold.

- The advantage for me was that my problem was solved.
  I converted 2 nine gold into 4 nine gold.

- The advantage for the Russians was that they could go to the world market and sell two billion dollars' worth of 2 nine gold when they needed dollars. The world would not lower the price because the world saw them selling 2 nine gold and would think that they were just trading and not liquidating their gold reserves.

- Of course I was getting 0.99% or almost 1% more gold from them, and had to pay the Russians that value-differential of almost $ 20 million (difference between 99% and 99.99% gold).

- Another problem was that the 4 nine gold we bought from the Russians under this 99% for 99.99% exchange had to be assayed to assure that this was indeed 4 nine gold and not a lesser purity. It turned out that the Russian gold producers were not very accurate. Some gold bars were much less pure and others were purer than 99.99%. This lead to arguments with the Russians, and we finally settled on a Swiss assayer to determine the purity. No bar is ever exactly 99.99%; they are all a little more or a little less. The differences are tallied and in the end one cash adjustment is made for the grand net of all the impurities.

The deal was done and everybody was happy. When we celebrated with the Russians in Moscow, they put a bottle of Vodka on the table that was room temperature. I inquired about the temperature and said that we in the West believe that vodka should be chilled. They agreed, but regretted serving it warm, "because we do not have a refrigerator." Think about that. True story!

I was still not out of the woods. The gold had to be flown to Osaka, Japan and there was not that much time left. The issue was that there was a value-limit for insurance purposes as to how much gold could be put on one single plane. We ran frantically around and bought cargo space wherever we could, and finally we made it. Hallelujah!!

Other funny stories surrounding this deal

- One would think that a coin commemorating a famous person like the Japanese Emperor would have the person's face on one side of the coin. Not so in this case. The coin might be in a pocket together with a key or another metal item and produce a scratch on the emperor's face. That must never happen. Therefore the coin had flowers on both sides.
- We were told by experts on Russia back in the U.S. that we should expect to be monitored and listened to anywhere we may be. The only way to be sure that our environment was not bugged was to take a walk outside. Good advice, but remember it was December when we were in Moscow and the temperatures were below the freezing point.
- There were Christmas trees all over the city. The tour guide told us that they were officially called *year-end trees*.
- The Russians left no trick untried to get any possible secrets out of us. They had girls calling us in our rooms at night offering to be *our friend* for the night. They even had German girls calling me. They had been recruited from what was at the time communist East Germany. Remember, this was 1985 and the Berlin Wall did not come down until 1989.

Miscellaneous Teaching Activities, Beginning at New York University

When I was back in New York in 1981 and got my feet on the ground in terms of starting my new responsibilities at Citibank, I also felt the desire to teach an MBA program again at a university just as I did in Manila at the Asian Institute of Management. The Bible says in Roman 12: 6-7, *If God gave you the gift to teach, you should teach.* I discussed my idea with my friend and co-author Rita Rodriguez and she recommended that I call Professor Ingo Walter at New York University (NYU). Ingo had overseen her doctoral thesis, and she spoke very highly of him.

When I talked to Ingo on the phone, he asked me what I wanted to teach. I described my ideas about foreign exchange and money markets and how this worked together to produce a course on *International Treasury Management*. He said: "Write it up. I will put it on the board and if at least 15 students sign up, you have a course. We will start in the Fall of 1982 as a mini course of seven sessions, 75 minutes each and it will be worth 1½ credits for the students."

I wrote it up, he posted it on the board, more than 15 students signed up, and adjunct Professor of Finance and International Business at NYU Heinz Riehl was born. (See birthday letter from Ingo Walter.[16]) I gave my course only a couple of times as a mini course and then it was upgraded to a full three-credit course. Needless to say, I encouraged my students to buy my book Foreign Exchange Markets because it would help them to understand the material. They could also use it later as a reference. (Reference from page 364)

Towards the end of each course I invited my students to come to Citibank at 399 Park Avenue where I would show them the dealing room for which I had responsibility. This was very impressive and educational for them. They were looking at almost a football field-size room full of people staring at computer screens. The traders had multiple phone lines available; often they were screaming in foreign languages and mentioning large amounts of foreign currencies. I would point out to students the Treasury concept in practical action. They could see the different sections handling and interfacing in:

- spot FX
- forward FX
- corporate FX
- offshore Nassau Euro dollar trading
- Euro dollar futures trading

This was a much more practical teaching style than the typical professor would apply. Also, when a student asked a question in class, I would typically answer: "Well, the other day a customer had this or that problem, and we solved the problem in this or that manner."

> In other words, my teaching was very practical and far away from any excessively academic or theoretical approach. I was teaching what I had invented myself, and traders were applying it under my supervision. Most other professors were teaching something that they had learned from reading a book.

All of this made my classes very popular and they were usually oversubscribed, i.e. there were more students wanting to register for my class than there was room in the classroom.

Later, in 1982, I was approached by the Institute of Banking and Finance (IBF) in Singapore with a request to teach in their Treasury program. It turned out that the Commercial Attaché of the Singapore Embassy in Washington had called New York University (NYU) and asked for a recommendation as to who could teach the Treasury program at the newly created IBF Singapore. NYU gave him my name, and the rest is history. I accepted an offer to teach twice a year for four days and continued to teach at the IBF in Singapore as a co-founder of the program for over 20 years.

When I look into the mirror and reflect on how my professional profile must have looked from the IBF viewpoint, it must have been quite impressive:

- Senior Vice President of Citibank in charge of their trading in North America
- Author of a book on Foreign Exchange published by McGraw-Hill
- Past Regional Treasurer for Asia Pacific and familiar with the Asian financial markets

- Member of the New York Federal Reserve Bank's Foreign Exchange committee
- Professor of Finance at New York University

I almost cannot believe that this awesome description is me.
The IBF was an arm of the Singapore Central Bank, the Monetary Authority Singapore (MAS). The head of the IBF reported directly into the MAS. The objective of the IBF was to maintain the financial expertise of finance officers in Singapore at a high, world-class level. This applied to both bankers and the finance officers of non-financial institutions.

My courses at the IBF were well received and attended not only by Singaporeans, but also by participants from other Asian countries. Additionally, the Central Banks of other Asian countries copied the Singapore idea and set up their own banking schools. This applied to:

- Jakarta, Indonesia
- Hong Kong
- Kuala Lumpur, Malaysia

The heads of all those schools heard about what I was doing in Singapore and invited me to teach in their respective programs.

The majority of participants in those programs were, of course, bankers. It happened quite often that those bankers liked what they heard and invited me to give in-house programs at their respective banks. In those cases, I always got specific approval from the respective Citibank country head to give an in-house program at a given bank.

Some people in Citibank were concerned that I might give away secrets. But the majority felt that there really were no secrets for any meaningful time. Whenever Citibank came out with a new product, it was soon copied by other banks anyway. We were also arrogant and felt that even if they understood what Citibank was doing, they would not have the people to execute and copy a given strategy, or copy the production and sale of a given product.

Ingo Walter from NYU turned into a really good friend. He advised me what the going rates and teaching-fees were so that I knew what I could charge for seminars, both at academic institutions as well as at banks for in-house programs.

The business school of NYU became "The Leonard N. Stern School of Business." Mr. Stern came as a child with his father from Germany in the early 1940s to New York and worked in his father's business selling caged birds, bird cages and other pet bird supplies. He graduated from the NYU business school and took over the business from his father turning it into a multinational corporation. In 1988, he donated $ 30MM to NYU and NYU built a new building for the school. I attended the ground-breaking ceremony when Mr. Stern explained the reason for his big gift.

> **"I made it in life because I was smart. Today, life is so complex that *just being smart is not good enough anymore*. In addition to being smart you need the best possible schools. I want to help build the NYU Business School into such a school."**
> **(Leonard Stern)**

I also taught for many years in the Executive MBA Program of NYU, the Dean of which was Norman Berman. This was both fun and educational for me. The students were mid-career people who were very knowledgeable in whatever they were doing in their jobs. (See birthday letter Norman Berman.[17])

I taught the entire program in one week at the Doral Arrowwood Hotel in White Plains, New York. My program included my Bourse Game, which was quite popular with students. I remember Janet Vitebski, one of Norman Berman's assistants, who was always of great help. (See birthday letter of Janet Vitebski.[18])

The hotel has a nine-hole golf course and I inaugurated a NYU golf tournament to be held during a free afternoon. To make it more interesting, I donated *The Professor Heinz Riehl Cup* with the winner's names engraved on the trophy. This annual tournament was held more than ten times until I stopped teaching in the program.

One year, I was busy correcting papers from another program and could not participate in the golf tournament. There was a moment when I lifted my head to reflect on a thought. As I looked out of the window of my hotel room, I saw one of my students right below my window looking at his golf ball under a bush. The guy looked around to make sure that nobody was watching and then kicked the ball with his foot from the bush into a more open area.

The question: What does one do in a situation like this? I decided to keep it between the two of us. I gave him a character education based on golf's First Tee organization and its *Nine Core Values*: *honesty, integrity, sportsmanship, respect, confidence, responsibility, perseverance, courtesy, and judgment* and suggested that he live his personal and professional life according to these principles.

Teaching in the NYU Stern Executive MBA program stimulated my competitive drive. At the end of each year students voted for their "favorite Professor". The Professor who received the most votes was given the "Excellence in Teaching" award from the school. This award was announced at the annual graduation party, which was always a prominent and elegant affair. I have to be honest and admit that whenever the award was announced and given to a Professor, it bothered me that once again I had not received it.

Competition was serious. It included the school's top Professors who spent the entire year with those students and could schmoose around with them during coffee breaks and other times when they were not actually teaching them. In contrast I just taught my course on "Treasury Risk Management" and that was it.

(Reference from page 364) In spite of all this, 1999 was my year. Executive Education Dean Norman Berman called me ahead of the graduation ceremony assuring that I would attend in person to receive the award. It was a wonderful feeling, and I was happy because such an award can only be earned from the students. One such enthusiastic student was Claudia Volpi. (See her birthday letter in the appendix.[18a])

Meeting Jill, the Love of My Life

Jill, seemingly appearing *God-sent* (beshert) out of the water 1983

(Reference from page 364) In February of 1983, Jill Novak was a student in my MBA class at New York University (NYU). She had moved to New York from Boston a few years prior and was now working for New York's Chemical Bank in the area of Treasury Risk Management and Internal Controls. She was going for her MBA in evening classes and, of course, all my classes were in the evening because of my responsibilities at Citibank. She knew my friend Tom Johnston who had become president of her bank.

Jill and I immediately took a liking to each other. I had to be very careful not to be seen dating a student while that student was still in my class. NYU monitored those situations very carefully. There had been romantic relationships between students and Professors in exchange for better grades, and those Professors were disciplined very severely.

Like all other students, Jill had purchased my book at the beginning of the course and paid with her personal check. This had given me her private address and phone number. But I could not do much with that to advance our relationship.

After I had taught a couple of evenings in Jill's class, the following situation developed. It was Tuesday morning and I was sitting in my Citibank office trying to prepare for my evening lecture in Jill's class at NYU. At that time I was also teaching other courses to other audiences both inside and outside Citibank. I noticed that I was a little confused and had forgotten how far I had advanced with my material the previous week in Jill's NYU class. I had to know this, so that I could continue that evening where I had stopped the previous week.

Suddenly I got what I thought was a brilliant idea, to phone Jill and ask her how far I had advanced with my material in the previous class. She had attended that class and had to know easily the answer to my question. It also was a good excuse to hear her lovely voice on the phone. Jill told me later that when I called and asked my question, she had no idea about what I had covered in the previous class. Of course she could not admit that. Instead she said: "Professor, I am sorry but I cannot help you because I already read ahead in your book. I am already beyond the point where you may have stopped last week."

It was a brilliant response on her part, even though it was not helpful for me at the time. It was an early demonstration of how smart Jill is.

At that time, my course was focused on explaining financial trading. Only the last class covered Risk Management and Internal Controls.

Up to the penultimate class, I had only casual conversations with Jill. However, at the end of that class, I told her "I know that you will be particularly interested in the subject we will cover next week, because that is close to what you are doing at Chemical Bank. In class we will have only 75 minutes for discussion. However, if you like I could make myself available for a cup of tea after class in order to answer any more questions you might have."

Jill agreed to meet after that last class.

In the morning of that last class day, I had again invited my students, including Jill, to come to Citibank at 399 Park Avenue, so that I could show them my dealing room and how the Treasury concept worked in practice.

The tour of my dealing room began in my spacious corner office – 6th floor, corner of Park Avenue and 53rd street. I had on the credenza next to my desk a large screen computer on which I could follow the risk positions taken by the various departments I was supervising. As I rolled back my swivel chair so that students had better access to my computer screen, Jill positioned herself right on the middle of my desk. As a result she had a perfect view of my computer – and I had a perfect view of her. In my mind I still see her sitting there – smart, charming, beautiful and irresistible. I already began to look forward to the evening. The photo below shows the credenza and computer to my right and in front of me my desk on which Jill positioned herself.

In my Citibank office, 1983

As we got into the car after class that evening I decided instead of tea to take her to a nice Italian restaurant named Divino on Second Avenue and 81st Street. We had a long conversation, good food, and a lot of wine. At the end of the dinner I told her: "Jill, I think that we have a lot to give to each other." We both remember this statement, and to this day it has been so very true. That dinner was in March, 1983, and we celebrate the date ever since as one of our important anniversaries.

We did not want our relationship to be known by our two respective banks because of our responsibilities and seniority. Therefore, Jill's best friend Mary Davis at Chemical Bank frequently served as the go-between to provide cover for us. (See birthday letter of Mary Davis.[19])

Important Weekend in Bretton Woods, New Hampshire

(Reference from page 111 and 212)
In 1944 the Bretton Woods Monetary Conference was held at the Mount Washington Hotel in Bretton Woods, N.H. At that time, representatives of 44 countries established the World Bank, set the dollar/gold parity at $ 35 an ounce, and chose the American dollar as the backbone of international foreign exchange. The meeting provided the world with badly needed post-war currency stability.

It had become tradition to commemorate this important meeting every year with a meeting of leaders in the foreign exchange and financial markets in New England. I had been invited to be the key-note speaker at that conference held on Friday, October 7, 1983, at the Mount Washington Hotel.

It was the peak of the foliage season and I invited Jill to join me for that weekend. I delivered my speech on Friday, stayed that evening with Jill at the hotel, and on Saturday drove to Killington, Vermont, where we had reservations at the Red Clover Inn.

In the middle of a romantic dinner that Saturday evening, Jill and I stumbled into a serious discussion about the future of our relationship. In particular, Jill wanted me to be more fully committed to her, just as she was to me. After all, I was not yet legally divorced. At the end of the dinner we pretty much broke up, or at least were no longer committed to each other on an *exclusive basis*.

Fortunately, we were in the middle of nowhere in Vermont. We could not just go home. Instead we went to our room and had breakfast together the following morning, Sunday, October 9. It was a gorgeous perfect fall day in Vermont, and we decided to take a walk in the nearby woods. I loved Jill, did not want to lose her, and pondered the conversation of the previous night in my mind.

Maslow's Hierarchy of Needs

Suddenly I remembered Abraham Maslow's philosophy about the *Hierarchy of Needs* that I had learned about while at Harvard some nine years earlier. It became clear to me, that Jill and I were on a path to self-actualization if we would give to each other the third stage in that five-step hierarchy, which is Love and Belonging.

Below are those five steps *in the order of importance*, which I tried to explain to Jill while we were walking in the woods:

1) **Biological and Physiological needs**: air, food, drink, shelter, warmth, sex, and sleep
2) **Safety needs**: protection from the elements, security, order, law, stability, and freedom from fear
3) **Love and belonging needs**: friendship, intimacy, affection and love obtained from work group, family, friends, and romantic relationships.
4) **Esteem needs**: achievement, mastery, independence, status, dominance, prestige, self-respect, and respect from others.
5) **Self-Actualization needs:** realizing personal potential, self-fulfillment, seeking personal growth, and peak experiences

Hierarchy of needs

Important in general, and particularly in that situation for Jill and me, is that these needs *must be met and fulfilled in sequence*. For example, I can be in an extremely safe place fulfilling the second need, but if I do not have food and water, which is the first need, I will die.

Likewise, I may have fulfilled the fourth need and I am famous and have the esteem of others, for example like Marilyn Monroe had. However, if I have not fulfilled the third need for love and belonging, I will not be happy. I will not be able to continue my path towards self-actualization, the fifth need.

While walking in the woods that day, I shared with Jill my feeling that we were in that situation. We both had achieved many things and were admired by people in our professional careers, but we were not happy. However, if we could love each other and fulfill for each other the third need, we would be happy and be able to continue our life path towards self-actualization. According to Maslow, only about 1% of people reach this final stage.

Jill understood and agreed. We reconciled right then and there. We applied the observation made on our first date in March earlier that year that “we have a lot to give to each other.”

Because of the importance of the Maslow philosophy for Jill and me, I commissioned a painting in 1985 as seen below.

Commissioned Maslow painting; Artist Joseph Sheppard

The artist, Joseph Sheppard, shows the five needs from left to right. I believe that for many people the first two needs, food and safety, are relatively easy to meet. If one works hard, one can also be successful and be admired by others, which is the fourth need.

However, that third need of love and belonging is not so easy to fulfill. Therefore I asked the artist to visually elevate the image of that need. In other words, I want to show that on our path from left to right we have to climb uphill to reach and fulfill that third need of love and belonging.

The couple symbolizing the fifth need of self-actualization has experienced the ongoing process of fully developing their personal potential. They are shown naked to indicate that material wealth does not contribute to that stage of fulfillment and happiness. Instead, they know that given the natural gifts they were born with, they have made the most of themselves.

A good analogy might be a diamond with some flaws. There is nothing that diamond can do about those flaws. However, it can be cut, polished and set in a masterful way, so that it appears as beautiful as possible.

For a poetic underpinning of this concept, please read the poem *Die alte Waschfrau*[20] (The Old Wash Woman[21]) in the appendix.

Jill's First Trip to Asia

A few weeks later, in November 1983, I had a teaching engagement in Hong Kong, but it was canceled on short notice. I decided to go anyway and invited Jill to come with me for her first trip to the Far East. I had business to do in California and met Jill on a Friday evening at the airport in Los Angeles. From there we flew together to Honolulu in Hawaii where we had a multi-hour stopover before going on to Jakarta, Indonesia. We arrived at the Jakarta Hilton around Sunday late afternoon and were both very tired. This was almost two days after leaving Los Angeles, which is a long time even when one allows for the 15-hour time difference. When Jill saw the bed she dove into it and fell asleep. We later called that the 'Jakarta dive.' We slept some ten hours and at three o'clock the following morning ordered a big meal from room service.

A couple of days later, we flew to Jogjakarta, a city on the Indonesian island of Java. From there we hired a private chauffeur-driven limo to take us to the famous Buddhist Temple Borobudur. The Borobudur is a 9th-century Mahayana Buddhist Temple in Magelang, Central Java, Indonesia. The monument consists of nine stacked platforms, six square and three circular, topped by a central dome. It is considered one of the seven world wonders. During that two hour ride, we saw animals we had never seen before. Jill saw brown and black chickens for the first time in her life. She thought that all chickens were white.

Before boarding our plane back to Jakarta, we had a meal in Jogjakarta where Jill ate with her hands for the first time. The entire trip was quite an exotic experience.

After a few more days in Jakarta, including enjoying the Rijstafel at the famous Oasis restaurant, we went on to Hong Kong and stayed at the brand new Regent Hotel on the Kowloon side. Jill liked the view across Victoria Harbor and the sparkling Hong Kong skyline. We ascended to The Peak on Hong Kong's historic funicular railway. The Peak Circle Walk loops around the highest point on Hong Kong Island, ensuring the best views from every angle. Jill and I took this walk and it was fabulous. At some point we sat down on a bench and I rested my head in Jill's lap. It was a most memorable moment.

Across the street from the Regent Hotel is the famous Peninsula Hotel. I had made reservations at its Swiss Chesa restaurant. We intentionally arrived early to have a drink in the lobby, which also is a world reknown place. While we were waiting and having a drink, Jill and I both had a very special, never before experienced feeling. For me it felt as if the Holy Ghost or Holy Spirit was coming over me saying "This is the girl for you. Stay with her for the rest of your life! I send you this beshert!" Jill had similar feelings, even though she did not think that it was the Holy Spirit.

Heinz and Jill in 1984

One evening while Jill and I were dating in 1983, and Jill worked at Chemical Bank, she told me the following story: Jill and two of her colleagues took a class to learn the details of new products called derivatives. The instructor briefly explained each instrument and then described how the derivative would work. When he got to Foreign Exchange, the instructor gave a brief description of FX and then said if the students wanted to learn more they should read the book written by "the grandfather of foreign exchange, Heinz Riehl". Jill's colleagues were aware of her relationship with me and, since they were all in their late 20's, thought this description of her boyfriend was hilarious.

My dreams are in general nothing out of the ordinary; just dreams like most people have them. During the 1970s and early 1980s, there is one type of dream I had frequently, and I consider it worth mentioning here.

In those dreams I found myself wanting to run away from something, or wanting to run towards something. However, I could not really run, I could not move forward at all because my feet or my shoes felt very heavy like lead. My feet felt like being stuck in something, and I could not pull them out. I remember that my hands were up and reaching for something ahead of me, but I could never reach it. It was very frustrating, and at the peak of my frustration I would usually wake up. Once I began to live with Jill in 1984 those dreams subsided and fortunately never came back.

HR with Jill at house of Mary Davis' parents in December of 1983

On January 8, 1984, Jill agreed to move in with me at my 79th Street apartment. The actual move occurred at the beginning of February on a day when I was on a business trip to Mexico. Jill's father Marvin and wife Betty came from Boston with his truck and helped her to move.

Moving from Jill's apartment to mine, 1984

On that day, another important thing happened. I had not yet told my daughter Janine about Jill. So, while Jill and her father Marvin were sitting in my 79th Street apartment, the phone rang. Jill answered the phone and Janine was at the other end. It was an embarrassing situation for both, and I still feel guilty for not having told Janine about Jill earlier. Even though this was an unfortunate start, Jill and Janine have developed a unique and wonderful relationship ever since that time.

Jill's family is Jewish, and the time came when the entire family had to learn about me. Here is Jill, the first member of the entire greater Jewish family since they moved from the Polish/Russian border to America to have gone to college. Less than thirty years old, she had become successful in so many ways – living in New York and having a great job with prestigious Chemical Bank, and now seemingly throwing her life away with whom?

- A German
- 20 years older than Jill
- Divorced two times
- With a total of three children

What could be worse for a Jewish family?

I met Jill's mother Phyllis and got along well with her. Father Marvin also was no problem. At that time, Marvin and Phyllis had been divorced for some ten years. The last hurdle to be taken was to meet Jill's grandparents.

What were these grandparents like? As a young man, Grandpa Phil had lied about his age in order to get into the U.S. Navy to fight and kill as many German Nazis as possible. To his regret he never got to fight German Nazis. Instead, he was assigned to the Pacific and spent several months at the U.S. Naval Base in Subic Bay near Manila in the Philippines. Grandma Sydelle had worked for several years in a factory making ammunition and bullets for American soldiers, also to kill Nazis.

In the summer of 1984 I had to meet those grandparents of Jill. The meeting took place on a Sunday afternoon for coffee in mother Phyllis' apartment in Boston. Within minutes my conversation with grandpa moved to the fact that we both had spent time in the Philippines. We were even able to refer to a few interesting locations in Manila that we both had gotten to know well. It was clear: Grandpa had no problem with me.

My overall demeanor and impression made that afternoon must also have been acceptable to Grandma. Jill told me later that after a few minutes Grandma took her aside in the kitchen and said "Never mind that he is German, divorced, and has kids. The most important thing is that he loves you and that is what counts. You have my blessings."

Jill and her grandparents when they met me for the first time

While the 79th Street apartment was cute and romantic, it was also quite small. We decided to look for another, more suitable place to live.

Jill found a wonderful two-bedroom apartment with a wood-burning fireplace on Sutton Place at 455 East 57th Street. A real gem of an apartment, it was close to my office at Citibank and near a bus stop for Jill to go directly to Wall Street. Sutton Place is one of the best residential areas in Manhattan. I had to go through an interview with the board. One of the board members tried to explain to me the exclusivity of the building by saying: "Mr. Riehl, from your viewpoint, you are buying an apartment in this building. From our viewpoint, we are taking you into our home."

Jill and HR in new Sutton Place apartment

One year after living in this fancy place, I was asked to join the board and assumed the role of Treasurer. While the building was great, the lobby looked tired and dated. I wanted to upgrade the lobby and make it as attractive as the building itself. It would have cost each apartment owner $ 2,000 for repainting and sprucing it up with some nice furniture. The apartment owners did not approve. They were older and lived in valuable apartments, mostly without mortgages. One could have said that they were rich. However, they did not have the cash to pay for upgrading the lobby. And they also did not want to borrow against their other assets or their apartments. That was when I coined the phrase that these were ‘rich people who do not have any money’. They had no monthly cash flow.

HR and Jill in lobby of Sutton Place Apartment going out for an 'Italian' Night 1989

We joined the nearby Town Tennis Club, and Jill started playing tennis at that Club and on weekends also at the Country Club of Darien.

Beginning in 1985 New York University (NYU) invited Jill and me to their annual big gala dinner dances for major donors. In 1984 I had committed to endow a full Professorial Chair, and the size of the annual donations qualified for Jill and me to be included in those events. (See page 359)

I believe it was when I attended this party for the first time in 1985 that NYU had hired a big band and a singer that simulated the 'Sinatra Sound' and that Jill and I danced to the song 'New York, New York.' The music electrified our bodies, and we identified with the lyrics. After all, here was Jill, the girl from the tiny Boston suburb of Hull, and me, the boy from little blue collar Styrum. In other words, in terms of background and geography we both came from nowhere. And here we were dancing to a song that could have been written about us.

- We both had senior jobs with Citibank and Chemical Bank, both top New York Banks. I was on Citibank's Market Risk Policy Committee and travelled globally for the bank.

- In addition, I was part-time Professor of Finance at New York University and Chairman of the New York Federal Reserve Bank's Foreign Exchange Committee.
- We owned and lived in a wonderful Co-Op apartment at Sutton Place, one of New York's best residential areas. I was on the Board and the Treasurer of that Co-Op.
- We were members of the Town Tennis Club, just around the corner from Sutton Place
- We drove a brand new Mercedes E300. The E model had just been introduced to the USA. The car was garaged just below our tennis club
- We spent weekends in a wonderful four-bedroom house in Norwalk, Connecticut, and were members of the Country Club of Darien.

The above facts and our lifestyle were going through my head when I heard the Sinatra-like voice singing:

Start spreading the news I am leaving today; I want to be a part of it New York, New York. These vagabond shoes Are longing to stray Right through the very heart of it New York, New York. I want to wake up in a city That doesn't sleep, And find I'm king of the hill Top of the heap.	These little town blues Are melting away; I'll make a brand new start of it In old New York. **If I can make it there** **I'll make it anywhere** It's up to you New York, New York.

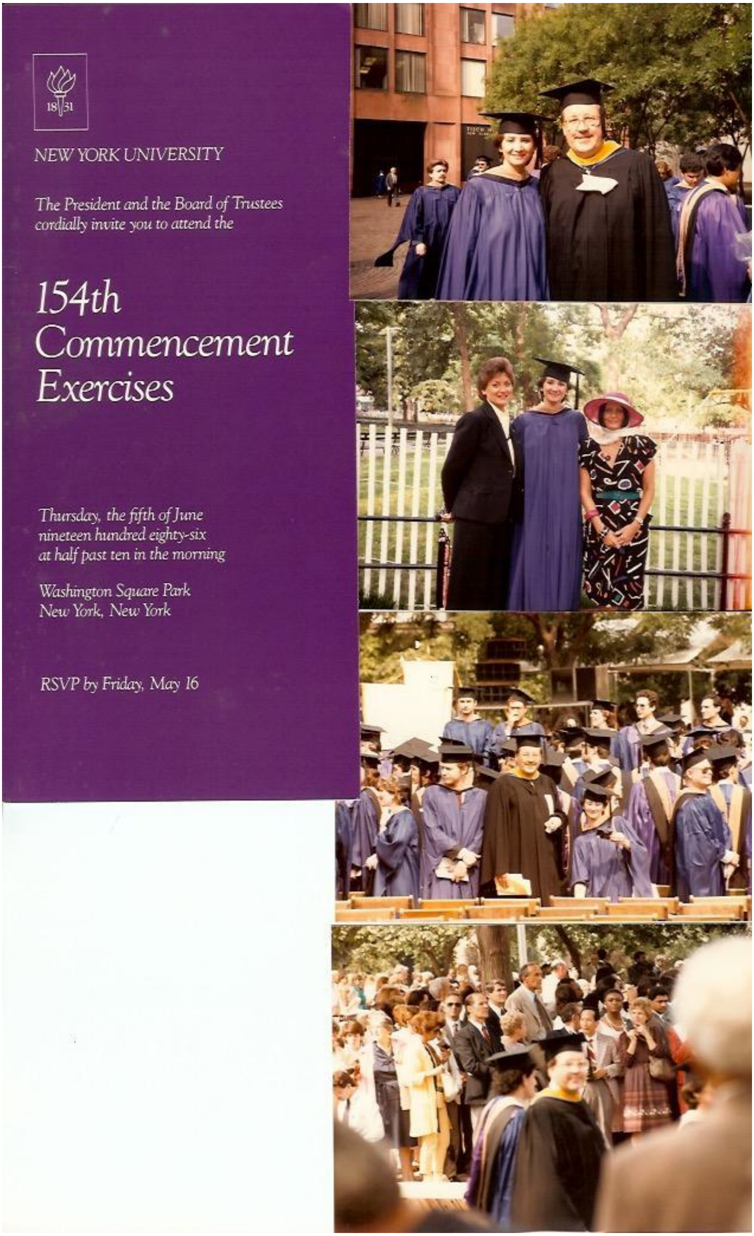
While Jill and I were dancing to that tune and heard the song, we looked into each other's eyes and realized that we indeed had made it. Most important, we were healthy and loved each other. And if we made it there we could make it anywhere. And we have.

I also remember that at that time I experienced a deep feeling of gratitude for all the blessings I had received up to that point in my life and thanked God for them.

In the summer of 1986 my son Heinz visited us in New York for a week or so. There are two things I remember from this visit: First, Heinz also had taken up tennis, and he and I played at my Town Tennis Club. On that day, Heinz played exceptionally well, and my 26-year-old son beat his 50-year-old father. This was the only time I lost to Heinz, and I did not know whether I should be proud of my son's performance or disappointed with mine.

Second, I remember that Heinz came with me when I visited my optician, Dr. Michael Greenberg, on Lexington Avenue near Citibank's headquarters for some small routine repair on my glasses. At that time Heinz had completed his apprenticeship as an optician in Germany, and I introduced Heinz to Dr. Greenberg as such. Dr. Greenberg was familiar with the German apprenticeship system and the quality people it produced. He instantly liked Heinz and invited him to move to New York and work in his network of stores. At the time, Heinz considered the idea, but decided to stay in Germany.

In 1986 Jill graduated from NYU and received her degree as Master of Business Administration (MBA). At her graduation, I was allowed to join her on her graduation march because I was a member of the faculty. We walked hand in hand, which we both enjoyed very much.



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Thursday, the fifth of June nineteen hundred eighty-six at half past ten in the morning

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Jill’s MBA graduation from NYU, 1986

As time passed, Jill told me that every now and then her mother would warn her not to throw her life away by living with a man 20 years her senior.

One Saturday morning, September 8, 1984, Jill and I had been shopping in Manhattan and sat down for lunch at a hamburger place called Yellow Fingers on Lexington and 60th Street. We talked about different things, and at some point I asked Jill about her mother. Jill said that mother was still worried about us living together. I asked whether Mother would be happier if we were married and Jill said, “Probably.” (See birthday letter from Jill’s mother, Phyllis Novak [22])

At that point I said, “Then why don’t we get married?” We both pulled out our calendars and set December 29 of that year as our date to get married. I have to admit that this was an exceptionally unromantic way to propose. However, what counts are the results, and for over 30 years we have loved each other and are happy.

The wedding was held in the morning at a restaurant called Tiger Lillys in Beacon Hill in Boston. My mother flew in from Germany and gave a brief speech in English that moved everybody to tears.

HR putting wedding ring on Jill

In the afternoon my mother, Jill, and I caught an overnight Lufthansa flight from Boston to Frankfurt, and from there my mother connected to Düsseldorf. Jill and I went on to Vienna and the Sacher Hotel for our honeymoon.

Our honeymoon night, however, had been most exceptional, possibly unique. Jill and I spent our honeymoon night on that Lufthansa plane with my mother. This exceptional circumstance was recognized by the captain of the flight with a special announcement and champagne. It also may have helped that I was a Senator of Lufthansa.

We landed in Vienna in the late morning of December 30 and proceeded to the Sacher Hotel. The concierge had precious items for us that I had asked him to obtain:

- Two tickets for the Operetta (Musical) Fledermaus (bat) in the Vienna State Opera for New Year's Eve

  https://en.wikipedia.org/wiki/Die_Fledermaus

- Dinner reservations after the show at the Sacher Hotel's famous Rote Bar, including celebrating and welcoming the New Year.

  The tradition at this place is that a few minutes before midnight each table is provided with champagne and a large supply of small styrofoam balls. The guests throw these balls for fun and as a tease towards other people. This is quite harmless, until some balls inadvertently fall into glasses, absorb some Champagne, become heavier and then feel more like small stones when they hit your head. Suddenly there were almost 'fights' between tables and people became more aggressive in their pursuit of the game. Waiters used trays and menus as shields to avoid getting hit by these 'bullets'.

Celebrating New Year's Eve at the Rote Bar, 1984

- Two tickets to the famous Vienna New Year’s Concert on New Year’s morning at the equally famous Concert Hall “Gesellschaft der Musikfreunde” (Company of the friends of Music)

  The Vienna New Year's Concert is a concert of classical music performed by the Vienna Philharmonic that takes place each year in the morning of New Year's Day in Vienna, Austria. It is regarded by many as the most important classical concert worldwide. In 2017, it was broadcast live around the world to an estimated audience of more than 50 million in 93 countries.

Birdseye view of the Concert Hall

Jill in the Concert Hall of the Vienna New Year's Concert, (Gesellschaft der Musikfreunde) New Year's Day 1985

Any of those tickets are almost impossible to get, which was true at that time, and is even truer today. After collecting all of those above-mentioned precious tickets, Jill and I had lunch (on December 30) with the Treasurer of Citibank Vienna, who also had a little bit of a medical background before he became a banker. He noticed an inflammation of my right middle finger, probably resulting from a manicure. He felt that a doctor should look at that and arranged for an appointment at a hospital the following morning, December 31, New Year's Eve.

Jill and I went to the appointment, and the doctor decided that the nail of that finger should be surgically removed. The procedure happened right then and there, after the Doctor had assured me that I would be capable of enjoyment (genussfähig) that very same evening. Poor Jill sat for hours in the hospital waiting room, very worried about me, and with only limited information provided by the doctors.

In the end, the doctors were right. I was able to enjoy show, dinner, and the concert the following morning.

Flying Supersonic Concorde

Between 1978 and 1985, I flew the Concord at least ten times, usually between London and New York. The Concorde was a British-French turbojet-powered supersonic passenger jet airliner that was operated from 1976 until 2003. It had a maximum speed over twice the speed of sound at Mach 2.04 (1,534 mph or 2,469 km/h at cruise altitude), with seating for 92 to 128 passengers.

This plane could cross the Atlantic in a little more than three hours. A typical London to New York crossing would take a little less than three and a half hours as opposed to about eight hours for a subsonic flight.

Concorde could fly as high as 60,000 feet, which is an altlitude of over 11 miles. From there, at the edge of space in the layers between the stratosphere and the ionosphere, it was possible for passengers to see the curvature of the Earth.

The speed of the plane was electronically displayed in the front of the plane and it was easy for all passengers to see. Soon after take off, the plane would reach a speed of M 0.98, or just below the speed of sound (767 miles per hour).

Once the plane was over the ocean, the pilot announced that we would now break the sound barrier and accelerate from M 0.98 to more than M2, i.e. more than twice the speed of sound. This created a sonic boom that could not be heard inside the plane but was disturbingly loud on the ground. This was the reason why the plane was not allowed to travel at M1 speed while it was still over land. A sonic boom is the sound associated with the shock waves created by an object traveling through the air faster than the speed of sound.

This moment always impressed me. Here I was sitting comfortably sipping champagne and moving almost at the speed of sound. When the acceleration began and the speed doubled from almost M1 to more than M2 I could feel the sensation in my lower back, just as if I was sitting in a powerful sports car accelerating from 30 to 60 miles per hour.

A planned route from London to Singapore via Bahrain, operated in conjunction with Singapore Airlines, was cancelled after just three return flights due to complaints about noise disturbances caused by the aircraft's sonic boom. Also, Concorde was impeded from flying over Saudi Arabian airspace because it was believed that noise from the aircraft would disturb camel breeding.

When flying from London to New York, I saw the sun rise in the *west*; repeat I saw the sun rising in the *west*. Here is how this was possible. The time difference between London and New York is five hours, i.e. London is five hours ahead of New York. In winter the plane left London at 6:00 pm, at which time it was 1:00 pm in New York. After a three hour flight the plane would land in New York at 4:00 pm New York time. At that time it was still daylight in New York.

This means that after taking off in the dark at 6:00 pm London time the plane flew towards the west and caught up with the sun. When that sun became visible during the flight it appeared 'in front' of the plane. As the plane was flying from the East towards the West, the sun appeared on the horizon west of the plane. This means that the sun appeared to rise in the west.

Writing and Publishing My Second Book, 1983

Even though a large part of my success in Citibank was inventing and implementing the concept of Treasury, my first book was largely about Foreign Exchange. Therefore it was appropriately titled Foreign Exchange Markets.

It was only natural that I had to write an additional book describing the combination of the foreign exchange business and the money market business. Therefore this second book was called Foreign Exchange & Money Markets. It was again co-authored by Rita Rodriguez and published by McGraw-Hill in 1983 (ISBN 978-0-07-052671-6).

This second book really became the bible for FX and Money Market traders around the world. It had all the hallmarks of my expertise in the business, which was pretty complete. But it also had all the hallmarks of effective instruction. After each section in which a particular part of the business is described, there are several problems where the solution and answers require an application of what is covered in the section immediately prior. In this way students and readers can learn by reading the respective section and immediately thereafter applying what they learned by trying to solve the respective problems. After completing the exercises, they receive immediate feedback by checking the answers that are available right there. In this way, the reader can self-test whether what has been read, and presumably learned, is in fact understood.

This book is known in the industry as 'THE book,' and was translated into Chinese, Italian, Japanese, Portuguese and Spanish. You can see a reference to 'THE book' in the birthday letter from James Kemp, FX Head of Citibank, New York.[23]

Below I have included two e-mails from James Bindler, currently in 2017 Managing Director at Citibank and global head of foreign exchange business in G-10 countries.

> **From:** Bindler, James [ICG-MKTS]
> **Sent:** 22 April 2015 15:49
> **To:** 'heinz@riehlworld.ch
> **Subject:** Thank you
>
> Heinz,
> It was a pleasure to meet the author of "The book" that we have all known at Citi in the FX team for so long. I look forward to keeping in touch with you in the years to come.
>
> Kind regards,
> James
>
> **From:** Bindler, James
> **Subject:** RE: Thank you
> **Date:** June 9, 2015 at 6:16:45 AM EDT
> **To:** "'Heinz Riehl'" <heinz@riehlworld.ch>
>
> Heinz,
> I'm sorry for the confusion; yes indeed I have your books proudly displayed and show them to all the old timers as they come into the office. I am grateful to you for your kind gift.
>
> Please accept my apology for not having responded to you immediately.
> Kind regards,
> James

More Teaching Activities

The interest rate and FX derivatives, including options, had to be explained to the Citibank marketing people. As a result, in 1983, I gave up the line responsibility for the trading room and made it my main job to explain all the new derivative products inside Citibank.

Inventing Concept of "Third Level of Understanding"

In this context, I learned that it was not good enough to explain something to participants and, when they had no questions at the end, to assume that they had understood it. It was at that time that I developed the concept of *third level of understanding*.

Here it is in language straight from my website www.RiehlWorld.com

> *When we wish to sell a new product or a new idea to a customer, the subject must be properly explained; otherwise there will be no sale. Particularly when we talk to customers, we unfortunately often talk to what I call an Assistant Wonderful. These are very important people in their organization, like Assistant Treasurers or Deputy Managing Directors. However, even though they are important in their organization, they can only recommend that something new be done. Before the deal really gets done, these Assistant Wonderfuls must explain it to their boss. Only when the boss understands will she approve it, and only at that point can the deal be completed.*
>
> *This means that with our explanation to the Assistant Wonderful, we must enable this Assistant Wonderful to explain the new idea so well to the boss that the boss understands it. One reason why bosses are bosses is that they will never approve anything they do not understand.*
>
> *There are three levels of understanding, and we must reach the third level:*
>
> - *On the first level, you completely understand, but cannot explain.*
>
>   *This first level is required for bosses, because otherwise there will be no approval and no deal.*

- *On the second level, you can explain well enough so that your listener reaches the first level.*

  This second level is required for Assistant Wonderfuls, so that they can explain to their bosses and enable them to reach the first level.

- *On the third level, you can provide an explanation that is so complete and encompassing that it enables your listener to reach the second level.*

  This third level is required for sales people so that they can explain to the Assistant Wonderfuls and enable them to reach the second level. The Assistant Wonderfuls need this second level of understanding so that they (without our help) can successfully explain to their bosses, and enable those bosses to reach the first level of understanding. Once bosses understand, they will decide.

I helped people to reach that third level of understanding as follows: Every day I gave three 90-minute lectures on a given topic or product, two such lectures in the morning and one in the afternoon after lunch. For the rest of the day, usually beginning around 3 o'clock, I divided the participants into groups of three people each. So, if there were 30 participants, I put three people at each table for a total of ten tables. Then each person in the group had a chance to play the following roles:

- Mr. Experti, who knew it all
- Ms. New, who was very smart but knew nothing about the subject
- Mr. Critique, who had to comment on the quality of the explanation given by Mr. Experti

The three people would take turns, so that each of them was in the role of Mr. Experti at least once. It was clear that most of the learning was done by Mr. Experti, i.e. the person who had to do the talking and explaining.

This exercise demonstrated that even though people think they understand, they are not able to explain in an effective way.
The afternoon/evening ended when each individual could demonstrate to me personally that they were able to explain something so well that, in my opinion, a person *without prior knowledge* would be able to understand. With this type of training, the Citibank marketing people began to have much more success in selling the new derivative products to customers.

Assuming role of Regional Treasurer for Latin America, 1985 – Age 49

Regional Treasurer for Latin America, Jacques Levy, resigned from Citibank to set up his own business in Mexico, and the bank asked me to assume his role. I stayed in New York and managed the trading activities of the 24 Latin countries from New York.

The financial markets of those 24 countries varied substantially in size, economic importance, complexity and sophistication. There were Brazil and Argentina as heavyweights on one side, the likes of Haiti and El Salvador on the other side, and countries like Chile and Mexico in the Middle.

The size of the individual transactions was much more modest than in Europe or New York. However, because of the regulatory environment, the complexity was so much greater. Later I will discuss volatility, which means the anticipated fluctuation intensity of financial market prices. In Latin America there was also another type of volatility, which I called *regulatory volatility*.

For example, there were years in which a country like Brazil had more than 500 new regulations issued by the Central Bank and the Ministry of Finance that impacted the financial markets. The reason for all these regulations was that the governments wanted to prevent businesses from taking money out of their countries. These countries experienced over 10,000% annual inflation and corresponding devaluations of their currencies, and businesses did not want to keep their money there.

However, the last thought any businessman would have when a new capital export constraint was announced was to actually comply with that new rule. The will of the businessmen to continue to take money out of the country, the lack of sophistication and amateurism of the government, and the creativity of banks like Citibank usually assured that the old business would continue as usual. It was in this type of environment that Citibank developed the subtitle *Banco de Solution*, i.e. bank of solutions.

It was a great business environment with lots of room for creative thinking. As I said before, the transaction amounts were smaller, but the profit margins as compensation for creative solutions to problems were bigger – and we made tons of money. The business and traveling to the entire area was fun.

From the Accelerator to the Brakes: Inventing Meaningful Limits for Risks in Trading (1985)

When I joined Citibank 25 years earlier in 1960 at age 25, I taught the bank the Treasury business and how to speculate on expected changes in foreign exchange rates and interest rates for its own account (proprietary trading). I taught the marketing people how to apply financial trading, including the new derivative instruments, to customers and help them to solve their related problems.

The daily volumes and individual transaction amounts in the world's major currencies were enormous and continued to grow. The daily turnover in foreign exchange topped five trillion dollars – that is **trillion** with the first letter being a **T** like in Tom.

Common sense suggested that it was time to think about how to limit Citibank's proprietary speculative business and also invent internal controls to avoid errors and frauds.

Since 1981, traders received bonuses that often were equal to a multiple of their annual base salaries. However, they received those bonuses only if they made more money than the aggressive budgets agreed to with management at the beginning of the year. (We don't pay for attendance!) Therefore, when it was October and they were still behind in their budget, there was a powerful incentive to take larger risks than they were allowed to per their limits. Also, there were incentives to hide those large risks so that senior management could not see them.

It became clear to me that there was a discrepancy between the type and size of risks taken by our traders on one side and the understanding of the trading business and its risks on the other side. The only risk Citibank senior management understood was the risk of lending money to a borrower who subsequently goes broke and fails to pay us back. That risk is known as *credit risk.*

In financial trading we might buy something at a price of 100 and after that the price goes down to 99. As a result we have a loss, but nobody went bankrupt. That is known as *price risk.*

At Citibank and in the trading industry in general, we limited price risk by limiting the *amount* that a trader could buy of a given commodity, foreign currency or shares of stock. That was better than no limit at all, but it was not limiting *the size of the risk*. Instead it limited the *size of the position.*

As I began to understand trading options, I also came to see that the important component in calculating an option price is the expected future volatility. When the price of a given commodity is expected to fluctuate widely in the future, then an option on that commodity is more expensive, assuming all other features of the option are the same.

And when the price of a given commodity is expected to not fluctuate widely in the future, then an option on that commodity is less expensive, assuming all other features of the option are the same.

This can be compared to automobile insurance: An 18-year-old beginning driver is more likely to have accidents than an experienced 40-year-old-driver. The *risk* of insuring the 18 year old is higher than that of a 40 year old; therefore, the insurance premium for the younger driver is higher than for the more experienced driver.

It is clear from the above, that the volatility in options is a market price driven like all prices by supply and demand. I concluded that this options-implied volatility can be used to estimate the future fluctuation of prices and rates, including foreign exchange rates, stocks and interest rates. It occurred to me that this insight and understanding can be used to estimate the size of the risk in, for example, a foreign exchange position.

If I have a position of $ 100 million, and the option-implied overnight volatility is for example 2%, then it could very well be that the market rate will move 2% against me and I will suffer a loss of $ 2 million (2% of 100 million).

In other words, the above-described technique allowed me to convert meaningless position-amounts like $ 100 million into meaningful estimates of what I called *potential loss amounts* (*PLA)*. This was major. I had discovered a way to *quantify* risk in financial trading.

Years later this thought process became industry standard worldwide. The world did not adopt my PLA terminology. Instead, the world called the potential loss amounts v*alue at risk* (*VAR)*. That did not make any difference; 2% of $ 100 million is still $ 2 million, whether you call it potential loss amount or value at risk.

Meanwhile I worked on developing this new idea further so that it could be used in the management of price risk for a country or a specific dealing room.

First, I used VAR to set limits. I decided that under normal circumstances a trader should not lose overnight more than the equivalent of one month earnings. That means, if a trader has an annual budget of $ 12 million, it equates to a monthly budget of $ 1 million. Therefore the trader's overnight limit should be such that he usually cannot lose more than $ 1 million overnight.

As a result, the position-size depends on the expected volatility applied to that VAR-limit of $ 1 million. If the expected volatility is 1% the trader can take a maximum position of $ 100 million; because if the market moves 1% against him he will lose $ 1 million. That is too bad, but we were willing to risk $ 1 million, or one month budgeted earnings.
On the other hand, if the expected volatility is 2% the trader can take a maximum position of $ 50 million; because if the market moves 2% against him he will again lose $ 1 million. That is too bad, but we were willing to risk $ 1 million, or one month budgeted earnings.

It is clear from the above that it doesn't matter how volatile the market is, Citibank has a constant amount of $ 1 million at risk. The value at risk is constant, and the size of the position is variable, depending on market conditions.

Again, this is similar to driving a car. When street conditions are good we drive faster than when street conditions are volatile, i.e. not good. Our speed varies, but our perception of the risk of driving is the same, whether it is 10 miles per hour on busy Main Street or 65 miles per hour on the super highway.

Second, I used VAR to perform a risk versus return analysis. Because I was now able to measure the size of risk a trader had taken, I could also quantify and measure the trader's relative performance.

For example, take two different traders. Each trader made $ 10 million in a given period of time. However, Trader A assumed $ 400,000 of risk every night and Trader B assumed $ 800,000 of risk every night. It is clear that the two traders made the same amount of money. But trader A assumed less risk than trader B. Therefore I can conclude that trader A had a better performance and deserves a higher bonus.

Obviously, my total risk-taking capacity was limited, i.e. the total value-at-risk (VAR) amount allocated to me as Regional Treasurer for South America by Senior Management was limited. The system I described above allowed me to allocate the highest VAR limits to traders and countries that squeezed the most earnings out of a given amount of VAR.

As I am talking about 'squeezing,' assume that we are in the orange juice business at a time when the juice was still squeezed out of the oranges by hand. There likely were men who could squeeze two cups of juice out of an orange and others who could squeeze only one cup of juice out of a comparable orange. Obviously we would hire the better squeezers, i.e. the guys who can squeeze two cups out of an orange, and not the ones who can squeeze only one cup.

I applied this limit and control system to all of my 24 countries in Latin America for several years before first Citibank worldwide and, ultimately, the entire banking industry began to use it.

The most senior group of people in Citibank to control risk was the Credit Policy Committee, which established guidelines and limits for the extension of credit, i.e. for lending money to customers.

Co-Founder of the Market Risk Policy Committee at Citibank

The development of my value-at-risk system, together with other controls relating to trading, led in 1988 in Citibank to the formation of the Market Risk Policy Committee. I was one of five founding members of that committee representing different geographic areas, with me representing Latin America. Citibank was the first bank in the world to have such a Market Risk Policy Committee, in addition and parallel to a Credit Policy Committee.

During my last years in Citibank I had several outstanding assistants who helped me with administrative work, allowing me more time for my beloved teaching activities. Those assistants included Beatriz Rincon Young from Venezuela and Fernando Botargues from Argentina. They were junior people in the risk management functions of our Caracas and Buenos Aires branches. I liked their style and ability and asked them to come to New York and work for me. Both transfers worked out very well for them and for me. (See birthday letter from Beatriz Rincon.[24])

Bodyguards

From the time I left Citibank Germany in 1970 to work for the bank's Headquarters in New York until my retirement at the end of 1995, I traveled globally covering all five continents. Even though I had a German passport, my appearance and demeanor plus the fact that I worked for an American company made me look very much like an American. I actually became a Citizen of the United States in 1999 after I retired from Citibank (See page 387).

Inside Citibank it did not make any difference what I looked like and what nationality passport I had. However, Americans were a little more at risk than other international travelers; particularly there was a risk that Americans would be kidnapped. In fact, I knew that the bank had insurance for potential ransom payments to free their senior officers. No employee knew whether he or she was on that list but, given my seniority in the bank and my frequency of traveling to exposed areas, I was pretty sure that I was on that list. More importantly, any criminal would assume that a person of my seniority would be on such a list.

I actually experienced three specific situations in which I knew that I was covered by a Citibank bodyguard. All three occurred when I covered South America during my last ten years in the bank from 1985 to 1995.

In the late 1980s, I traveled to Buenos Aires for a budget meeting. I arrived on a Saturday for the meeting to be held on a Sunday. The Treasurer, Bobby Gamarra, wanted his senior traders to present their budget directly to me so that I could get to know them – which was the reason for the meeting on a Sunday so that the traders were not away from their desks during trading on business days.

There were not many people in the bank on that Sunday except those involved in the budget presentations. I did not know many of those traders, which embarrassed me a little because I wanted them to know that I knew them.

At one point I went to the bathroom and I noticed that another man was with me there. I remembered that I had seen this man several times before. In fact, he was one of several guys along with my Treasurer Bobby Gamarra who had picked me up at the airport the previous day. As we were alone in the bathroom, I asked him his name and what his specific job was in the Treasury department of Citibank Buenos Aires.

“I am one of your bodyguards” was his answer. I was surprised by his answer and not sure whether I should be glad or worried. Nothing happened.

The second involvement with a bodyguard occurred in *Bogota, Colombia*. Around 1990 Citibank Bogota had a very serious problem with the Central Bank of Colombia. It was a big mess that had to be sorted out. As Regional Treasurer for South America it was my responsibility to handle this situation in person, and I had to travel to Bogota.

As Regional Treasurer I could go into any of my 24 countries at any time to review Citibank’s trading business. I did not need permission from the respective country’s Manager for such visits. I would only inform them that I was coming for a couple of days.

This was different with Bogota. The situation in Colombia was so dangerous that the Country Manager had to approve in advance when a senior person from Citibank New York wanted to visit. He would only approve if indeed there was an urgent need for such a high profile person to visit. It was costly and burdensome for Citibank in Bogota to effectively protect these types of visitors. Needless to say the Country Manager approved my visit.

My wife Jill knew about the danger of kidnappings in Bogota and she was opposed to my going there. However, I had to go. It was part of my job. I was afraid to tell her. I called her father Marvin, explained the situation, he talked to Jill and she let me go.

In Bogota I was met at the airport at the foot of the plane by a Citibank car. It was a specially armored Mercedes, which had been made ‘safe’ for $ 600,000 with special steel plates etc.

In the car was my special bodyguard who had been the chief of Bogota police until one week prior. I stayed at the Bogota Hilton Hotel for three days during which I never left my room. There were two heavily armed guards outside my room around the clock. All the Citibank employees I had to talk to came from the branch to my hotel room for interviews.
I returned to the airport and onto the plane with the same automobile and escorted by the same senior bodyguard as upon my arrival. Nothing happened, but it was quite an experience.

My scariest experience was in Mexico City in the early 1990s.

I was there on a routine visit for a few days. A couple of months before our Country Manager had been kidnapped, but reappeared again after two days.

My local Treasurer took me to lunch in a bank car with a bodyguard sitting next to the driver in the front seat. My trader and I sat in the back. Suddenly the bodyguard announced that he had a feeling we were being followed. He took out his gun and cocked it. He instructed the driver to take turns different from those needed to go to the restaurant. The bodyguard instructed us to duck down in the back of the car so that we were less visible. For the first five turns or so the suspicious car behind us followed us. Then the bodyguard announced that the car was no longer following us and the situation was back to normal. Again nothing happened, but my trader and I needed a couple of stiff drinks when we arrived at the restaurant.

I am sure the bank had bodyguards for me often when I traveled in South America and I did not even know about it.

Personal Life Until I Retired from Citibank at the End of 1995

Tango show in Buenos Aires

In the late 1980s, I took Jill along on one of my trips to Buenos Aires, Argentina. As Regional Treasurer for South America, it was my job to visit frequently this very important country to review the Treasury operations of the Citibank branch.

I always wanted to see a real, typical Argentinian Tango show and, as Jill was with me, I thought this was the time to do so. Like all social activities, dinner and the show began late, around 11 o'clock in the evening. The Citibank driver took us to a very dark street where the place was located and waited for us. It was a wonderful experience, and at around 2:30 a.m. the driver took us back to our hotel.

In Buenos Aires I always stayed at the Plaza Hotel, one of the best hotels in town. Jill and I went through the lobby to the elevators, and while we were waiting for the elevator I embraced Jill and gave her a little kiss. Soon thereafter a gentleman from the reception desk approached and asked me to follow him a few steps away. Then he told me "Sorry sir, but we are not that kind of a hotel!"

I advised him that the lady was my wife and gave him my room number. He went to check his record and my registration and apologized. Jill and I had a good laugh, and I was proud of my attractive wife.

Joining "Deutscher Verein" (German Club) in New York

In the late 1980s, Jill and I joined the German Club in New York. The Club met every month in the premises of The Union Club of the City of New York, located at 101 East 69th Street and Park Avenue.

President Reinhard Augustin and wife Helmi always created a festive 'German' ambience, including singing of German songs. Traditionally, there was a cocktail party followed by a sit-down dinner and a prominent speaker from German industry or politics. The photo shows my good friend Stephan Bub, at that time Head of the New York office of Hypo Vereinsbank, Munich, seated between Jill and myself. At Stephan's invitation, I joined his bank's advisory board at the Munich headquarters for several years. That board held quarterly meetings in very attractive locations all over Europe.

HR with Stephan Bub and Jill

For several years I was quite active in the Deutscher Verein, joining the Board and serving as Treasurer. I also served one year as Santa Claus at the Christmas Party; and I played a major role in allowing for the first time a lady to become a member in her own name.

Jill Celebrating Hanukkah

The joyous festival of *Hanukkah* begins on the 25th of Kislev on the Jewish calendar, which often occurs in December near Christmas. It celebrates two miracles – a great Jewish military victory and the miraculous supply of oil for the Temple. *Hanukkah* – also called the Festival of Lights – is celebrated for eight days. The *Hanukkah menorah* holds nine candles, one for each of the eight nights and an additional candle that is used to light the others. One candle is lit on the first night, two on the second night, until all eight candles are lit on the eighth night. *Hanukkah* is a time to celebrate with family and friends, to eat holiday treats, and to give gifts, especially to children.

The photo above shows Jill in the later 1980s with her head covered lighting Hanukkah candles in our New York Sutton Place apartment. After lighting the candles she would say the following prayer in Hebrew:

Blessed are you, Lord, our God, sovereign of the universe
- who has sanctified us with His commandments and commanded us
- who performed miracles for our ancestors in those days at this time
- who has kept us alive, sustained us, and enabled us to reach this season and light the lights of Hanukkah. (Amen)

I always encouraged Jill to practice this important Jewish tradition and enjoyed silently praying with her. Needless to say, Jill always actively participated and supported our Christmas celebrations, which included decorating a tree, wrapping and distributing presents, and cooking a delicious Christmas goose.

Norwalk House

Jill made some good career moves and ultimately became a Director at Barclays Bank in New York with global responsibility for dollar denominated interest rate options. Together we made good money and in 1986 decided to buy a weekend place in Connecticut. As I mentioned before, we found a nice house in Norwalk on a street called Cottontail. The house had four bedrooms and a nice garden with a pool. There was plenty of space for Janine, occasionally Ralf, as well as other family and friends to visit and stay. It also was in walking distance of the Rowayton Railroad station, if we decided to take the train to New York.

**Jill and my mother seated in front with Janine and Ralf at their sides
HR with son Heinz standing, 1987**

Norwalk house backyard

Around that time I also bought a nice 300E Mercedes, one of the first E-class models in the USA. It was brand new, and I personally drove it out of the Mercedes showroom on Park Avenue at 56th street. I got a space to park the car only one block away from our Sutton Place apartment. The spot inside the garage was such that I could park it in that spot myself so that no attendant had to touch or drive the car. The car was my baby, and this was important to me at the time.

Tennis in the 1980s

In the tennis department, one of the staff supporting foreign exchange trading at Citibank New York in the 1980s was a member of The Wall Street Racquet Club. I played with him frequently after office hours and had a lot of fun there. I loved the logo of the Club as displayed below on the cover for a tennis racket. It showes a Bear and a Bull facing each other across the tennis net, as is the case in the financial markets every day.

If a person is optimistic and believes that stocks will go up, he or she is called a "**bull**" and is said to have a 'bullish outlook'. A **bear** market is when the economy is bad, recession is looming and stock prices are falling. **Bear** markets make it tough for investors to pick profitable stocks.

The origin for this idiomatic expression is as follows:

> A bull attacks and derives his power by lowering his head and throwing his prey into the air. The target is disoriented upon crashing down on the ground at which time the bull can kill it. In other words the bull benefits from an upward movement.

> A bear attacks and derives his power by rising to his hind feet and coming down on his prey, i.e. he benefits from a downward movement.

I remember very well winning the Lufthansa Hon Cup at the Senator tournament in 1988, when I was age 52. Lufthansa had invited all its Senators of the US East coast from Boston to Washington D.C, altogether some 65 men. I made it to the final against a much younger German man who was the US finance director of the German multinational company DEGUSSA. In the final set, I repeatedly had match points, but could not win the point when I was serving on the ad-side, i.e. the left side of the court. I saw in my mind that beautiful trophy and wanted it so badly. I finally prayed to God and said, “God I want to win this, please help me. But it has to be right now, because I cannot run any more. I promise to donate $ 1,000 to the Red Cross if I win, but, God, it must be now.” I served and the other guy hit the ball into the net. I won the trophy and I donated $ 1,000 as my part of the bargain. Today I consider it inappropriate to ask God for help in a tennis situation. But anyway, that is what happened in 1988.

A couple of days earlier, when I was still traveling in Mexico, Jill had been promoted to Vice President at Chemical Bank. I called Elsie Rivas, my beautiful long-legged Puerto Rican secretary to get a big bottle of champagne from my Sutton Place Wine store where I had an account. She asked, “Mr Riehl, what do you mean when you say ‘a big bottle’ of champagne?” and I said, “It must reach your knee caps when you are in high heels.” She ordered what turned out to be a Salmanazar, which is equivalent to 12 standard bottles of champagne. When I returned from Mexico and went to the wine shop to get it, I needed help from a young man in the store to carry the bottle the 400 yards to my Sutton Place apartment.

We celebrated Jill’s promotion and my winning the Lufthansa Senator tournament, and we still have that bottle as a souvenir. Obviously, we had help from some friends to finish the champagne. This was consistent with one of my mother’s many proverbs: “Success counts double when good friends share it with you!”

My Daughter Janine's Personal Evolution and Successes

Once we had the Norwalk House, Janine came to visit us frequently from Knox. For the last few years before she got her High School degree there in 1988, Jill and I picked her up for weekends either at the school or, when she came by train, at the Penn Station in New York.

In 1989, after a year at Pine Manor College in Boston, Janine went to Mount Bachelor Academy in Prineville, Oregon, which was a private co-educational therapeutic boarding school.

Together with education-advisor Dr. Morse, Jill had identified this school as a perfect almost summer-camp like place for Janine. The place was extremely expensive, but we still decided to let Janine go there for July and August because we were convinced that this would be good for her. After Janine had been there for a few weeks she called asking us to let her stay at that school for an entire year. There were tears on the phone and the head of the school got involved, assuring and convincing me that it would be very good for Janine to stay there for a complete year.
Finally I was convinced and agreed. However, this was so important for both Janine and me that I told the head master that I personally wanted to tell Janine about my decision to leave her at the school for a year.

I flew out to this right-in-the-middle-of-nowhere place via San Francisco to Bend, Oregon, rented a car for another two-hour drive, and finally arrived at the school. It was all worth it.

I will never forget the moment when I held my daughter in my arms, looked into her eyes, and told her that she could go on and stay at the school for the whole year.

Janine was so successful at Mount Bachelor Academy that at the end of the year the school offered to have her stay on as a teacher. Again she was very successful, so that after some time she was put in charge of the academy Middle School.

It was also at this school, that Janine found the love and man of her life. It was David LePere, the Wilderness Director of the School. David is a wonderful man. I remember vividly in 1994 when he telephoned me half way around the world in Jakarta, Indonesia, asking for the hand in marriage of my daughter Janine. They are happily married, and I am very proud of their three boys Riley, Cole and Dylan, who were born in 2001, 2004 and 2006 respectively. David is Executive Director of the therapeutic Cherokee Creek Boys School in Westminster, South Carolina.

Janine was not the first to give me grandchildren. My son Heinz in Germany also got married and in 1992 had twin boys named Alexander and Nicolai. Heinz passed the famous German apprenticeship as an optician, and after that became a Master Optician. After an additional year of full-time schooling, Heinz also became a Master of Acoustics. He lives with his life partner Regina in Essen near Düsseldorf and owns several stores in that area. Nicolai and Alexander are both working in their father's stores also learning (as apprentices) the crafts and business of optics and acoustics. (See also page 454)

Daughter Janine with husband David
In front from left to right sons Cole, Dylan and Riley

For Jill and me the weekend routine was that I drove our car from Sutton Place on 57th Street to the subway station at Lexington and 86th Street. When Jill arrived by subway from Wall Street she came into the car and we drove the 30 miles to our house in Norwalk, Connecticut. Sometimes the ride was slow because of heavy traffic, but we would hold hands and say, "Never mind. We are together!"

On Monday mornings we got up at 5:30 and left early, around 6:30. I drove Jill all the way down to Wall Street and dropped her at her office not later than 7:45. After that I drove back to mid-town to the Sutton Place area to park the car and walk to my office.

HR playing the piano at Norwalk, CT house 1987

Taking up Golf in 1993

Once we began spending weekends in the Norwalk house, we also began to make more use of the Country Club of Darien, including playing tennis. However, playing tennis with Jill was not so great. She hit the balls all over the place, and I ran all over the place to get the balls back in front of her. It was good exercise, but not really fun.

Then, at some club party, somebody suggested that we both take up golf where we both would be beginners. Also, in golf a skill differential between two people is not as disturbing as it is in tennis. We applied in 1990 to upgrade our membership from tennis to golf and were told that we had to wait an estimated three years. During that waiting period, we played golf on weekends on public courses in the area. I believe that it was around 1993 when we finally became full golf members of the Country Club of Darien.

At the beginning my golf was better than Jill's because of the hand to eye coordination I had from tennis. But things changed quickly, because Jill worked on her golf and I did not. My handicap never went lower than 20 and Jill's went way lower than that.

When there were club championships at the Country Club of Darien, Jill inquired about the handicap of the lady's champion. When she heard that it was 12, she immediately announced that she would be a 12 one day in the future. Well, her handicap went even lower than that to the single digit level. She has (so far) won the club championship seven times, including in 2018, in our Linville Ridge Club in North Carolina and twice in Jupiter, Florida, in Admirals Cove.

I remember the day in the late 1990s when I heard that Jill had broken 100 for the first time since she took up golf. She was on the terrace of the Country Cub of Darien and I sent Champagne for Jill and all her friends to celebrate.

Teaching Until I Retired at the End of 1995

Until the mid to late 1980s, the focus of my teaching was on explaining all aspects of the foreign exchange and money market business. That teaching activity changed dramatically with my discovery of the value-at-risk system and other risk management and internal control concepts.

Initially, larger and larger parts of my seminars and training courses were focused on risk management. Finally, I divided my material and created two separate courses. One course I called *International Treasury Management*, in which I described the basic business of foreign exchange and money markets. The other one I called *Treasury Risk Management*, in which I described how to control the price, counterparty-credit and liquidity risks in the business, as well as the internal controls used to protect against errors and fraud.

Not surprisingly, most audiences very quickly became more interested in my courses in *Risk Management and Controls* than in the *Basics of Treasury*. By now the basics had been around since I discovered them in 1960, and were known for almost 30 years. There were also more people who could teach the basic material. On the other hand, *Treasury Risk Management* was brand new, and many people were interested in that.

My Asian clients, i.e. the Central Bank-sponsored Banking Schools in Singapore, Malaysia, Hong Kong and Jakarta, Indonesia all switched my regular annual courses from *Basic Treasury* to *Treasury Risk Management.*

One of my oldest customers is what is now known as the Asian Banking School, arm of Bank Negara, Kuala Lumpur, (Central Bank of Malaysia). Their bank inspectors attended my public seminars organized by this Asian Banking School of Malaysia. They liked what they heard and invited me to teach in their own Staff Training Center. The Malaysian banks knew that I was teaching the inspectors of the Central Bank who periodically came into their banks to inspect them and make sure that they were doing all the right things.

Therefore the Malaysian Bankers came to my public seminars to hear what I had to say. And I would tell them to do this and that because that is what the inspectors of the Central Bank will look for when they come next to your bank. For example I told the inspectors of the Central Bank to assure that the commercial banks had Product Programs; and I told the staff of the commercial banks attending my public seminars to make sure that they had those Product Programs in place because the Central Bank inspectors would look for them. It was a circular situation that was just wonderful marketing for me.

In one year, while teaching a public seminar in Kota Kinabalu in Malaysia's state of Sabah, I observed Ramadan for one week with a group of Malaysian friends. Ramadan is the ninth month in the Islamic calendar. According to Islamic belief, it is a period of fasting for Muslims to commemorate the first revelation of the Quran to Muhammad. The fasting period lasts 29 – 30 days based on the visual sightings of the crescent moon. While fasting from dawn until sunset, Muslims refrain from consuming food, drinking liquids and smoking. At the end of the fasting period there is the celebration of Eid al-Fitr, also known as Hari Raya, which is a great celebration, often lasting three days.

Risk Management became very popular virtually overnight. Just as 30 years earlier the financial world adopted my treasury concept, now everybody wanted to learn more about risk management and internal controls.

My *Treasury Risk Management* course at New York University (NYU) was so popular that there usually were more people signed up for the course than there were chairs in the classroom. Rather than sending students back home, I went into the adjacent classrooms and moved chairs from those into mine. However, the administration found out about it because they saw that there were more students registered in my class than my classroom could legally hold from a fire hazard viewpoint. They allowed me to finish the ongoing class, but told me not to do that again for future semesters.

In another year, the following major problem developed: Because of my global travel and commitments at Citibank I usually could not teach 14 consecutive Tuesday nights as required by the published schedule. Therefore, there would usually be one or two make-up classes scheduled for Friday nights in lieu of Tuesday. I announced those changes on the first day of class so that students could plan accordingly.

There came a situation when my class was again oversubscribed so that there were some ten students standing and waiting to possibly still be admitted to my class. When I announced that there would have to be two make-up classes on Friday nights, there were three students who told me that they are Jewish and that their Religion does not allow them to do any work after sunset on Fridays, including attending a class.

I saw the waiting students who wanted to get into my class and decided that the three Jewish students simply could not take my class this time around and would be replaced by three students on the waiting list who were able to attend on Friday nights. A few days later I received a phone call from my friend Jerry Lieberman, who was the head of all Citibank Human Resources. He told me that he had received a letter from another Citibank employee, who was a student in my class and had witnessed my behavior and decisions last Tuesday evening. This gentleman wrote in his letter that he was embarrassed and ashamed to witness how a fellow Citibanker in a rude way and with a Nazi-type German accent fired the three Jewish students from his class and replaced them with non-Jewish students.

It took me a moment until I fully understood what Jerry Lieberman, who is Jewish, was telling me. He said: “Heinz, if you do not take dramatic corrective action, you will be in deep shit.” I believed him. I telephoned each one of the three students, apologized, and set up make-up classes just for those three guys for each one of the 14 classes at a time that was convenient for them. Also, at the evening of the next class I apologized to the entire class for my behavior. I used language like ‘serious error in judgment’, etc.

This situation easily could have turned ugly, but I was lucky to have Jerry Lieberman for a friend. Earlier in his career, he had worked in the Latin America Division where I was still working at that time. Jerry and his wife also knew Jill and had been our guests for dinner at our Sutton Place apartment.

INSEAD in Fontainebleau, France

My friend Ingo Walter from NYU invited me to help design a two week Risk Management course for **INSEAD in Fontainebleau**, just 40 miles outside Paris, France. Fontainebleau is a picturesque French town steeped in history and named after the fresh water spring that gave rise to it. It is a name that immediately conjures up images of the forest and castle. INSEAD is an acronym for the French ***Ins****titut* ***E****uropéen d'****Ad****ministration des Affaires* or *European Institute of Business Administration*. INSEAD is a leading business school in Europe

I helped design the course, and every year from about 1990 until 2004 I taught 2 ½ days of the two-week seminar. I always looked forward to that visit in May of each year. Jill often came with me. The participants were very senior finance people from all around Europe; banks, central banks and non-financial institutions. Some of them would invite me for private seminars inside their respective organizations. This was true for Finlands Bank, Helsinki, (Central Bank of Finland) and Abbey National, London, a British Savings Bank.

HR doing a presentation in 1992 at INSEAD

One story about INSEAD I will never forget: The flights from the U.S. always arrive in Europe in the morning. The INSEAD car had taken me to my hotel in Fontainebleau, where I arrived at about 10 o'clock in the morning. My hotel room was not yet available, so I sat just outside of the hotel at a little coffee shop. It seemed that the place was not yet open, so I just sat there in the sun marveling at the beautiful day, the sun, and the flowers everywhere. Suddenly a waitress, possibly the owner of the place, appeared and asked whether I wanted anything. I explained that I was just waiting for my room in the hotel next door to become available and that I did not need anything. But then, on second thought I said, "Well, I am in France, maybe I should have a glass of Champagne. Or is it too early for Champagne?" The lady answered right away, "Mais Monsieur, in France it is never too early for Champagne." So I had a glass or two. I never forgot that story.

Jill and I usually took a vacation the week following INSEAD and went somewhere else in France. Those trips included the beaches of Normandy, where on June 6, 1944, troops from the USA and England stormed the coast from the sea and accelerated the end of the Second World War. Another time we toured Alsace, including Strasbourg, with all its gastronomic pleasures.

We also toured at length and on different occasions Burgundy and Provence including Marseille. We made a special effort to get to a specific restaurant in Marseille because at that time it was world renowned for its Bouillabaisse, the famous fish soup. When we arrived we were told that on that day there would not be any Bouillabaisse. When the Chef went to the market on that morning he found that the quality of the fish was not up to his standards, so he did not buy any fish and did not make the soup on that day.

In the early 1990s, Jill and I had wine glasses at home, but we were not totally happy with them. Therefore we were always on the lookout for the perfect glasses. One evening we had dinner at the restaurant Bas Breau in Barbizon near Fontainebleau and saw red wine served in beautiful glasses at a nearby table. In those days we both preferred to drink white wine; however, in order to drink from those wonderful glasses, we ordered red wine.

We were disappointed when the waiter served our red wine in different glasses, which we found less attractive. We asked the waiter why he used different glasses for our wine as supposed to the other table. "Mai

Monsieur", he explained, "the people at the other table are drinking Burgundy. You ordered wine from Bordeaux." We bought eight glasses for Burgundy at that restaurant and took them home.

While traveling in France we spent several days at Hotel Restaurant La Cote d'or in Saulieu in the heart of Burgundy. The owner, Bernard Loiseau, knew that I was a Vice President at Citibank in New York and provided what we thought was extra outstanding service. That restaurant had fantastic glasses for red wine, white wine and Champagne. When I asked Bernard about those glasses, it turned out that they did not exist commercially because they had been specially designed for his restaurant by a Cristallerie in Alsace.

At that time, Bernard was trying to get a third star for his restaurant from the Michelin Guide. He suggested that I write on my Citibank New York official stationary a complimentary letter to the headquarters of that Michelin organization, praising his restaurant. In turn he would permit the Alsace Cristallerie to sell to us his glasses.

The entire deal worked out well. I wrote the letter, Bernard got his third star, and Jill and I got beautiful and well-priced glasses shipped to our Sutton Place address in New York. The glasses even had our JHR monogram on them, and we have those glasses to this day.

Another story that sticks in my mind occurred at a dinner attended by Ingo Walter and his wife, another INSEAD professor and his wife, and my mother and me. All six of us spoke German fluently. After a few bottles of wine, a discussion arose about the difference in meaning between the two German words; 'anspitzen' and 'scharf machen'. After some time my mother asked one of the other ladies, "Do you know what they are talking about?" And the lady answered, "Ja sicher, mach ich doch jeden Abend." (Sure, I do that every evening.") Sorry for the people not speaking German, but this is not translatable.

In 1992 while I was teaching at INSEAD one of the professor's wives had an exhibition of her paintings. Her name was Heidi Story; she was an Austrian Baroness. I liked one of her paintings so much that I bought it as a present for Jill. It is called "Le Printemps – the Sacre du Printempes" (Spring – the Rites of Spring) (See painting in the Appendix[25]). This painting hangs in a prominent spot in our dining room.

Jill and I love the text at the bottom of the painting: (It is like saying the text below to each other.)

> "Du bist die Freude mir im Leben, Du bist der stete Sonnenschein.
> Du bist Geschenk von Gott gegeben, die Harmonie im Herze mein."
>
> You are my love, my inspiration, my joy, my fun, my laughter dear.
> You chase my sorrows, calm my fear.
> Your arms around make me feel safe and warm.
> Nobody will bother me nor harm.
> So come and stay with me forever.
> Henceforth let's love and dance – love dance together!

Kaarlo Jaennaeri was a very senior officer of the Finish Central Bank in Helsinki. He attended my INSEAD seminar in the late 1990s and liked it so much that he invited me to give the same in Helsinki to the inspectors of the Finnish Central Bank. (See birthday letter of Kaarlo Jaennaeri.[26])

Abbey National in London also became a consulting customer because one of the Abbey National people liked what he heard from me at INSEAD. Once I was asked to perform one such consultation in London on a Friday, but the scheduling was a little tight. Here is how it worked: In that week I taught four days from Monday through Thursday at the IBF in Singapore. I then got on a plane on Thursday evening and flew nonstop from Singapore to London, arriving in London at 6 o'clock in the morning. I went to my hotel, took a shower (cold at the end!!!) and reported at 9 o'clock that morning for my consultation at Abbey National. Those were the days when I was young!!

Temptation to leave Citibank in 1991

One participant in the 1990 INSEAD seminar was a very senior person from Deutsche Bank's headquarters in Frankfurt. He liked my presentation on risk management so much that he offered me a job in his bank. Specifically he wanted me to be President and CEO of Deutsche Bank in the USA, located in New York. This was a very big job and I was interested. Citibank had just come out of a big crisis and survived largely because of a multibillion dollar (equal to 4.9%) equity investment received from Saudi Prince Al-Waleed Bin Talal.

Deutsche Bank's seniors in Frankfurt had already approved that I be hired for that job. The only thing left was for me to meet the Bank's New York management who had to work for me as per the intended arrangement.

My appointment with Deutsche Bank's New York seniors was on a very hot day in August on the West side of 50th street. Under no circumstances did I want to be late for that appointment and therefore arrived in Manhattan some 30 minutes early. I was standing on 5th Avenue and 50th Street right in front of St. Patrick's Cathedral and decided to go into the church to escape the heat and to sit down and pray.

I thanked God for the day and the potential opportunity with Deutsche Bank. As I heard myself pray "God, help me to get that job",
I stopped and thought about it and corrected my prayer. Instead I prayed: "God, grant whatever you think is best for me, and not what I want. I will stay in Citibank if you think that is best for me."

I did not get the job at Deutsche Bank and stayed in Citibank. It turned out that those final four years in Citibank from 1992 to 1995 were some of my best years in terms of responsibility, fun, professional fulfillment and financial benefits.

On the other hand the situation of Deutsche Bank deteriorated. The bank got into big trouble, and I would not have been happy there.

Since that time 25 years ago, whenever I have faced decisions and choices, I have asked God in prayer to grant what He thinks is best for me.

Wirtschafts-Universität in Vienna, Austria

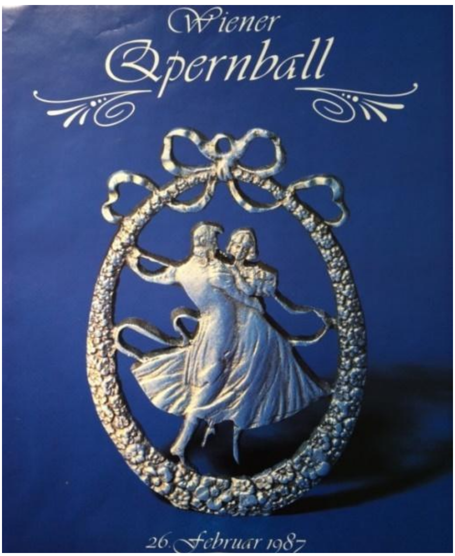
Around the middle 1980s I was seeking and found contact to the Wirtschafts-Universität (University for Economics) in Vienna. I got to know Dr. Oskar Mennel, who was very temperamental and entrepreneurial. His German nickname was *Kugelblitz,* meaning something like *lightening ball.*

He was in charge of publishing books for authors who were connected with the University. He expanded this and got the authors of books to also give executive seminars at the University. So, he went in both directions: he turned authors into lecturers and lecturers into authors. He began to organize my seminars in Vienna. He called them top-seminars and held them in the prestigious Imperial Hotel. (See birthday letter in German and English from Dr. Mennel.[27])

One of the participants in my seminar came from my client Österreichische Länderbank, one of the bigger banks in Austria. His name was Peter Fischer, and he was the treasurer of that bank. He, in turn, invited me to give my seminar in his bank for his top management, which was successful and repeated several times.

Attending Vienna Opera Ball in 1987

I had heard of the famous Vienna Opera Ball, which was the number one social event of the entire season in all of Vienna. The Ball takes place in the building of the Vienna State Opera on the Thursday preceding Ash Wednesday. Together with the New Year Concert, (page 307) the ball is one of the highlights of the Viennese carnival season, with the heads of Austrian state and government, the political and industrial elite, members of high society, and their guests attending. With the help of Peter Fischer and his bank, Jill and I got tickets for that ball in 1987.



Vienna Opera Ball poster for 1987

My mother gave as a gift for Jill to have a gown custom made for that ball. We had heard that the marching rout was "the more extravagant the better." We found a tailor in Greenwich, Connecticut, to make the dress. I remember that during the fittings I sat in a nearby chair always encouraging the tailor to let Jill show more décolleté. In fact I had a current photo of Liz Taylor, on which she 'had it all out,' and I said that is what I want. Well, she did not copy Liz Taylor, but Jill looked gorgeous and sexy.

Jill at the 1987 Vienna opera ball

Vienna opera ball 1987

Jill and I dancing at the Vienna Opera Ball

On the night of the ball, we first dined at the Hotel Sacher, where we always stayed when we were in Vienna. Even though it was February and bitter cold, Jill did not need a coat when she ran just across the street to the Vienna State Opera, where the Vienna Opera Ball is always held.

It was a grandiose atmosphere. There were many famous people from film, business and politics, including the German politician and Vice Chancellor Franz Josef Strauss. It is tradition that the Austrian President opens the ball and introduces that year's debutants to the public.

The dance floor had been built covering the entire orchestra seating area at the level of the stage. It was huge. There were two big bands, one on either side of this huge oval dance floor. They took turns in playing waltz music, so one could waltz non-stop if one had the stamina.

In another year we attended the "Sacher Hausball', i.e. the House Ball of the Sacher Hotel. It was another spectacular event.

Part Three
Retiring From Citibank
at the End Of 1995, Age 59

Decision to Retire

I decided to retire from Citibank at the end of 1995, about half a year before I turned 60 in May of 1996. I knew that Citibank planned to change the health insurance provided to its retirees beginning in 1996, and I wanted to secure the excellent prevailing retiree health insurance plan, which was very important for Jill and me.

Reflecting my global involvement in the bank's financial trading business for more than three decades, the bank gave me three retirement parties: at New York head office, in Fort Lauderdale (Florida) with all the Latin American Country Treasurers attending, and in Singapore with all the Asian Country Treasurers attending.

I received many gifts of all kinds; however, the greatest impact was made by a poem given to me by Renata Levy. Renata is the German wife of Jacques Levy (See page 237) whose international career I started in 1969 when I moved him out of his native Belgium to Frankfurt. The poem is called "Stufen" by Herman Hesse. I translated it into English, and it is hard to imagine anything more appropriate for the end of a 35-year career in a unique bank like Citibank and an almost 60th birthday.

Poem: Steps

Just as every flower withers, each youth gives way to age.
Likewise, there is a blooming peak time for each step in life,
for each wisdom and for each virtue,
and none of those may last forever.

Whenever life calls, the heart should be ready to say farewell
and should be prepared for a new beginning,
so that it can give itself into other and new relationships,
courageously and without mourning.

And embedded in each new beginning is a magic,
which protects us and helps us to live.

We should joyously walk from space to space or room to room
and not hang on to any of them as homeland.
The *world-spirit* does not want to constrain us and tie us down.
Instead it wishes to elevate and broaden us, step by step.

Soon after we feel at home and are comfortable with life conditions,
there is the threat of slackening and reduced excitement.
Only those who are ready to move on and depart
might escape from paralyzing boredom.

Perhaps even the hour of death
will send us *youthfully* into new rooms or spaces.
Life's call on us will never end . . . .

Ok then, heart, bid farewell and rejuvenate!

Hermann Hesse
Translated from German by Heinz Riehl

Writing My Third Book,
This Time Alone (1997 – 1998)

My first two books, co-authored with Rita Rodriguez, described the Foreign Exchange and Money Market business. Now it was time to write a book about how to manage the associated risks and internal controls.

I did not think that I needed a co-author this time around so I did the following: I knew Barbara Robinson from working with her at Citibank. She had extensive experience in writing training manuals and was somewhat familiar with my material. I put her into a room and gave her my three day presentation *Treasury Risk Management*. She recorded this on her tape recorder, transcribed what was recorded, then edited and polished the text. I reviewed it, did some more editing, and voila, here was the manuscript for my third book. I have to say that Barbara did a great job, and I probably could not have done it without her help. (See Barbara's Birthday letter.[1]) My contact at McGraw-Hill still worked and so there was no problem in getting the book published, ISBN 0-07-052673-7.

I was able to get four illustrious people to praise my book on the back cover. One was my friend Andrew Sheng (See page 349), at the time Deputy Chief Executive of the Hong Kong Monetary Authority who wrote: "Heinz is a true master in explaining risk management. He taught me Zen-like insights into global market risk. This book gives others the opportunity to benefit from his unique style and years of experience."

The other three endorsers of the book were:

- Michael deSa, at the time Head of Global FX at Deutsche Bank. Michael had previously worked for me at Citibank.
- Dr. Richard Herring, at the time Vice Dean of the Wharton School in Philadelphia. At his invitation, I had been teaching several MBA classes and Executive programs at Wharton. (See Birthday letter.[2])
- David Puth, Managing Director for FX and Derivatives at The Chase Manhattan Bank, previously from Citibank.

You can see the front and back covers in the appendix.[3]

Teaching After Retiring from Citibank until 2018

Just before I retired in 1995, a frightening thing happened in the world of banking. Nick Leeson, a trader for Barings Brothers, England's oldest Bank, who was doing some unauthorized trading out of their Singapore office, triggered the collapse of that bank. This spectacular bankruptcy was caused by excessive speculation hidden from management and a lack of internal control. It shook up banks around the world, and they all asked themselves, "Can this happen in our bank?"

Obviously that caused great demand for education in the area of Risk Management and Internal Controls.

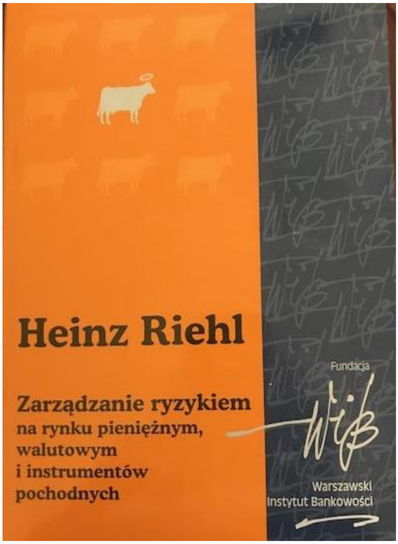
Association Cambiste Internationale (ACI), Forex Club New York

The Association Cambiste Internationale (ACI) of America , formerly known as the Foreign Exchange Trader Club or FOREX Club approached me and asked me first to join their board and also to teach seminars for the U.S. traders. To give it the highest possible cachet, these seminars were held inside the New York FED (American Central Bank), sanctioned by my ex NYU student Dino Kos (See birthday letter[4]), who was now Executive VP of the Fed responsible for FX and money markets in the USA.

Warsaw Institute of Bankers, Poland

One of the participants in these ACI seminars was Andrzej Saczuk from the New York Branch of Bank Polska in Warsaw, Poland. He thought that my material would be of great interest to the banks in Poland and introduced me to Ms. Mariola Szymanska, Head of the Warsaw Institute of Banking in Warsaw. For some ten years, beginning in 1997, I taught my three-day seminar *Treasury Risk Management* in Warsaw to Polish Bankers, sponsored by the Warsaw Institute of Bankers. The Poles did not speak much English, so two interpreters took turns translating what I had to say. In the end, the Poles translated my book Managing Risk in the Foreign Exchange, Money and Derivative Markets into Polish.

Given Jill's Russian/Polish heritage, she accompanied me several times on my trips to Warsaw. We took sightseeing tours focusing on the history of Poland with the Nazis, how they destroyed Warsaw in World War II, and also the terrible things that occurred in the Warsaw Ghetto. One year Jill and I went by train from Warsaw to the beautiful Polish city of Krakow and took a sightseeing tour there. That city remained largely undestroyed because that is where the Nazis had their Polish headquarters.



Front cover of Polish translation

Central Bank of Egypt, Cairo

Citibank Cairo invited me to do some training for the Central Bank in Egypt. This came to the attention of the head of the Egypt School of Banking, Dr. Shawki Farag, who asked me to teach my *Treasury Risk Management* course at his school. I did this probably some ten times over a five-year period, both in Cairo and also in Alexandria, a port city on the Mediterranean Sea in northern Egypt founded in 331 B.C. by Alexander the Great. My friend Shawki took me to see the pyramids, including the Great Pyramids of Giza just outside Cairo, which were built around 2,500 B.C. and are still in perfect shape.

Dr. Farag and the manager of Citibank Cairo, who had a German wife, invited Jill and me to go all together on a week-long Nile River cruise on a luxurious Hilton ship. Everything was confirmed and planned when there was a terror attack on a tourist bus in Cairo and we no longer wanted to go.

Central Bank of Hong Kong

(Reference from page 346)
Immediately after my retirement at the beginning of 1996, I received an invitation from Andrew Sheng, Deputy Chief Executive of the Hong Kong Monetary Authority, which is the Central Bank of Hong Kong. I had been teaching at the Hong Kong Institute of Banking for some years, and apparently Andrew had received positive feedback about what I was doing.

Now he invited me to perform a very special consultation. It was 1996, and in 1997 the Chinese were scheduled to take over Hong Kong from the British. Everybody envisioned Chinese communist tanks rolling through the streets of Hong Kong. The world financial markets would not like that, and Andrew and his Hong Kong government associates expected a run on the Hong Kong dollar. Andrew hired me for two days to discuss how a Central Bank like Hong Kong could best protect against such an attack of speculators against the local currency. This was one of my most fascinating assignments. We worked up a solution, but it did not have to be used in 1997 because the Chinese takeover of Hong Kong was peaceful and smooth and caused no problems.

People's Bank of China, Beijing

I stayed in touch with my new friend Andrew Sheng. As previously mentioned, in 1998 he endorsed my book on Risk Management and later he became Senior Adviser to the People's Bank of China, which is the Central Bank of China. In 2004 he invited me to give my seminar on *Treasury Risk Management* in Beijing at the Central Bank.

Before I left the U.S. for China, a friend in my Admirals Cove Club in Jupiter introduced me to another member, Harvey Herer. Harvey had global business interests, and his representative in China at that time was Julian Chen. Harvey asked Julian to meet me in Beijing and escort me around, including when I went to give my full day presentation at the Central Bank. Harvey's interest was for his Chinese representative Julian Chen to meet senior people at the Central Bank through my introductions there.

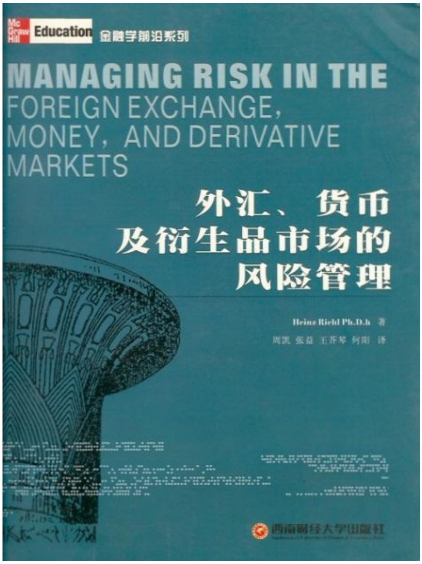
When Julian and I arrived at the Central Bank, Andrew Sheng had two surprises for me. About six weeks prior I had sent a package of about 150 pages of hard copies of my presentation to Andrew. At that time I used an overhead projector for the visuals that supported my presentation. Andrew had asked me whether I had those 150 pages also in electronic form which, of course, I did not. And that was the end of our communication.

Without my knowledge, Andrew's staff had turned my 150 pages into a power point presentation loaded on a laptop and ready for me to use in the conference room. I had never before given a power point presentation, and on that first day I had trouble with the clicker moving the presentation forward from one page to the next one. The problem was solved in that my new friend Julian Chen sat at the laptop about ten feet away from me moving it to the next page whenever I gave him the signal with a nod of my head.

HR teaching at the Peoples' Bank of China 2004

Andrew considered my presentation important enough for key staff of the Chinese Central Bank in their nine regional branches to watch and follow it. The conference room in which I gave the presentation was so high-tech that there were nine additional screens on which we could see the staff in those nine regional branches throughout China watching my presentation. Those branches were in Tianjin, Shenyang, Shanghai, Nanjing, Jinan, Wuhan, Guangzhou, Chengdu and Xi'an.

The Chinese financial market grew and developed very rapidly, and Andrew worried that with the frantic trading there might not be enough focus on risk management and internal controls. Therefore, he convinced the China Banking Regulatory Commission to select my book Managing Risk in the Foreign Exchange Money & Derivative Markets and translate it into Chinese. (See birthday letter from Andrew Sheng[5])



Chinese translation of my book – front cover

Meanwhile Julian Chen left Harvey Herer's company and started his own company in Shanghai, called *3ACredit*. In 2008, I joined this company in Shanghai and served as an Advisory Board Member. Julian's company, *3ACredit,* is one of the leading providers of credit and risk management support services as well as commercial information in China.

Commonwealth Bank of Australia, Sydney

In 1996, soon after I retired from Citibank, my friend Mike Katz (I met him when I taught in the 1980s at CEI Geneva) called me. He had returned to his hometown, Sydney, to join Commonwealth Bank of Australia (CBA) as Executive Vice-president (EVP) in charge of their corporate bank. At that time CBA was the largest bank in Australia.

Banks in Australia including CBA were doing only customer related trading just as Citibank did before I joined them in Frankfurt in 1960. Mike wanted me to come to Sydney and give a presentation to their Board of Managers to convince them to start proprietary trading supported by my risk management and internal control system.

The plan was for me to get the senior managers on board and after that return regularly to Sydney and teach their staff what they needed to know about treasury management.

About half way through my presentation I sensed that the audience, i.e. the leadership of the top bank in Australia, liked what they heard. One of them asked me: "How many banks in the world have adopted your risk management system already?"

At the time when I introduced this system to the world, I had heard that question many times from different people. What it means is this: "I like this system. It makes a lot of sense to me. However, I do not have enough self-confidence to stand up for it and support introducing it in my bank. If I know and can say that many other major banks in the world are using it already then I am much more comfortable, and I am more likely to gain support."

Those were the thoughts shooting through my head at the moment when I heard this guy's question. I hesitated a second or two and then responded with the seemingly totally unrelated question "Let me ask you a question: "When you are making love to a gorilla, what do you do?"

Now this was 1996. There were no Women in the room, but never-the-less this was the leadership of the top bank in Australia. People laughed a little and shyly looked around, then it was quiet again and everybody looked at me, waiting for me to explain what this was all about.

I waited another three seconds or so and then answered my own question: "Anything the gorilla wants to do!" Again there was laughter, but nobody knew what all of this meant.

Finally I explained. I said "You are the top bank in Australia. You are the gorilla. When you hear something new like what I am presenting to you, you should only ask yourself, 'Is this good or not?' without looking right and left and asking how many other banks are doing this already. Gorillas don’t do that. Gorillas do what they think is right and good. If you adopt this system, very soon all the other followers, the non-gorillas, will do the same thing.” They understood, adopted my system, and for the next few years I went several times a year to Sydney to teach the rest of the staff.

On one of those trips Jill came with me. My friend Mike Katz really rolled out the red carpet. His driver at the airport had a big sign ‘Dr. and Mrs. Riehl’. We had a huge corner suite at the Regent Hotel with binoculars on a tripod trained at the Sydney Opera House below us and the Sydney Harbor Bridge near it. Everything was absolutely first class.

I had made it known that Jill and I wanted to play golf over the weekend, and it was arranged for us to go to the New South Wales Club just outside Sydney. It just so happened that the Club had a mixed member/guest tournament that weekend. Jill was paired with Stan Davis and I was to play with another lady. While we were warming up on the putting green, I noticed that many people came over to say hello to Stan Davis. How are you Stan, good seeing you Stan, Stan this and Stan that. It turned out that Stan had been the President of the Club for the five year period that had ended one month before. Stan was also a reasonable golfer. Together with Jill he won that day’s mixed member/guest tournament.

That evening at dinner, Stan and his non-golfing wife sat together at a table for four with Jill and me. Stan and Jill were recognized and received an award for winning the tournament; and, in that context, it was announced that Jill and I were Americans visiting from Connecticut, where we still lived at that time.

Even though Sydney is an international global place, they do not have people visiting from the USA every day. Our being American, together with Stan’s general popularity as past president and that he and Jill had won the golf tournament, meant that many people came to our table to greet and congratulate us.

We had a wonderful dinner and a few bottles of the great Australian wine. Then Stan drove us home, about half an hour to our Regent hotel in the center of Sydney. I kept talking to Stan to make sure the wine would not put him to sleep at the wheel. When I ran out of topics to talk about I came up with this question: “How many members does your Club have?” He answered whatever, say 350, and then he added, ‘and then we have about 50 overseas members.’

I asked what does that mean. “Well”, he said, “that means those people do not live in Australia, they live elsewhere in the world.” As a matter of mild interest and to keep the conversation going I asked, “How much does that cost?” and he answered “$ 500.” I was surprised that the overseas membership was so inexpensive and continued, “Interesting. Are you saying that if I would pay $ 500 I could become a member of your club?”

Stan hesitated a moment and said “Yes. Of course, you would have to meet the board of the club.” And then he paused again and continued by saying, “But you met the board today; they have all been at our table and talked to you.” I gave Stan a check for $ 1,000 and Jill and I became members of the famous New South Wales Club, where Jill and I played golf a few times during our subsequent visits to Sydney.

A couple of years later, I had a session with the Foreign Exchange (FX) people of Commonwealth Bank. The topic was how to increase and expand commercial FX, i.e. trading FX with customers. Knowing that many Australians are sports people and love golf, I proposed a nine-hole golf outing as bait, and before that at lunch I would give a little talk to tell them about the international FX market. Everybody liked that idea. The problem was that none of the people in the room was a member of a nice club where such an event could be held. I am sure you see it coming now.

I said “No problem. We can do it in my club, the New South Wales Club.” And that is what happened. It was fun.

National Commercial Bank of Saudi Arabia, Jeddah

Also soon after my retirement from Citibank, Don Hill called me from Jeddah, Saudi Arabia. Don had been a senior person in Citibank’s consumer bank. He had left a few years prior and was now very senior at the National Commercial Bank (NCB), one of the largest banks in Saudi Arabia.

He basically asked me to do for his bank what I had done for Mike Katz’ bank in Australia: first give a presentation to his board and, if they liked it, continue with regular visits to teach the rest of the key staff.

It was successful, and from 1998 to 2000 I went a couple of times each year to Jeddah. I stopped in 2001 after the 9/11 events. I have vivid memories of the exoticness of the place, which is hard to describe. My hotel was in the center of Jeddah. I went out alone in the evenings, just walking around and looking at the bazaars.

I was told not to be afraid, even though I clearly stood out as a Westerner. Nobody would bother me, or harm me, or rob me or whatever. The punishments for wrong-doing were harsh. People who got caught stealing would have their hand chopped off. Men who were caught committing adultery or smuggling drugs or alcohol would be punished by having their heads chopped. Women would be stoned to death. I am talking about 1999, not 1899.

In front of the bank building where I gave my seminars was a large parking lot. Friday is a bank holiday in the Arab world, and Saturday and Sunday are work days. To make things time-efficient for the bank employees and for me, I taught my three-day seminar usually during the Friday to Sunday period.

As Friday was a holiday, there were no cars parked in that parking lot in front of the bank. It was blocked off and was the place where every Friday the government executioners cut off hands and heads of people who had done wrong. On one Friday, some bank staff pointed it out to me during a coffee break. I could see the punishments and executions from about 200 yards away.

Citibank in Kuala Lumpur, Malaysia

Since 2010 I have been doing some in-house seminars for Citibank in Kuala Lumpur, Malaysia. The Treasurer, Stantley James Boon Teck Tan (for short Stantley Tan), was about to retire after 40 years of service for Citibank. He told the Manager of Citibank that many years ago he had taken a seminar from me at the Institue Bank – Bank Malaysia, the Malaysian Banking School where, since 1984, I am still teaching once a year.

This school is now called the Asian Banking School, which I mentioned on page 332. He said that attending my seminar many years ago changed his professional life and that he wanted everybody in Citibank Malaysia who had anything to do with trading to take my seminar. Since that time I give my three-day seminar every year in the very high tech training facility in Citibank Kuala Lumpur. In fact, the feedback from that seminar was so good that in 2013 the CEO of Citibank Malaysia, Sanjeev Nanavati, asked me to condense my material into one day and give that special seminar to him and his direct reports.

Citibank's Tiger Program

In 2011 Citibank Asia Pacific started what they call the Tiger Program. They identified 30 people from all over Asia and Australia/New Zealand who had been in the bank about three years and looked promising to management. These 'Tigers' were intended to be trained on a fast track basis to become upper middle management.

The Tigers met for three weeks of training in Shanghai and Citibank invited me to teach three days of that period. It was a success for the Tigers and for me, based on their feedback.

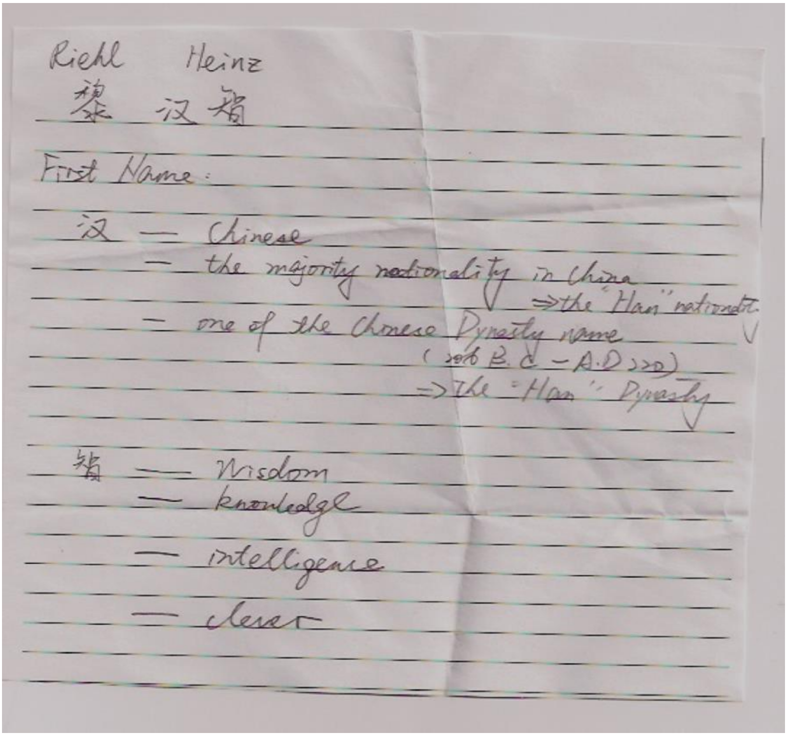
In 2015, Citibank repeated this type of exercise, this time in Hong Kong. They invited me again, and I opened the three-week event with my three day seminar on *Treasury Risk Management*.

Again it went very well. Patrick Dewilde, Managing Director and Head of Markets and Securities for Citibank Asia Pacific, showed up at the end of my part of the course. He knew me at the end of my career at Citibank, shortly after he joined the bank in the late 1980s.

In his comments to the Tigers he told them about my contributions to Citibank. Specifically he told them, "When I was your age Heinz was God in Citibank."

Hong Kong participants; Patrick Dewilde sits to my right.

One participant from Shanghai interpreted the meaning of my Chinese business card. Below is the Chinese language side of my card and below that the interpretation she wrote down for me.



Riehl Heinz
黎汉智

First Name:

汉 — Chinese
— the majority nationality in China
⇒ the "Han" nationalit.
— one of the Chinese Dynasty name
(206 B.C – A.D 220)
⇒ The "Han" Dynasty

智 — Wisdom
— knowledge
— intelligence
— clever

The Chinese name was created by my Shanghai friend Julian Chen. He expressed my name phonetically and it came out in English to mean: “Wisdom, knowledge, intelligence, clever”.

Teaching in Citibank is just wonderful for me and for the participants. I joined the bank in 1960, and have followed its ups and downs ever since. There are so many stories that almost nobody working in Citibank today remembers or ever knew. I did teach the seminar in the 2016 Tiger program and again it was most rewarding.

Philanthropic and Charitable Activities

Giving generously was engrained in me by my father. After the end of the second world war in 1945 and before the German economic recovery/miracle began in 1948 with the introduction of the new German mark, (DM), Germans were not only hungry, but many people were actually starving to death.

My parents had food in the bakery and grocery store. When my father saw hungry people in our store he always gave them plenty, often to the point that my mother asked him not to overdo it.

I like to think of myself as also being generous throughout my life. Particularly later in my life when I had achieved some success, I noticed an evolution of feelings and emotions that could be described as indicated below:

The joy of achievement:

- Ego fulfillment
- Honest humility
- Production of gratitude
- Gratitude leads to generosity
- Joy of generosity

A good rule of thumb formula for giving is 10 – 10 – 80, which I recently learned from my beloved Pastor Frank Wagner. I have been following this more or less without knowing the formula. It means the following:

- The first 10% of your income is for giving
- Put the second 10% into long term savings for yourself.
- The remaining 80% is for all expenses in your life.

Endowing a Professorship at New York University

(Reference from page 299)
I had those feelings in 1984 when I knew that I had found Jill as my true life partner. I was 48 years old. Yes, there had been successes in many departments of my life. But there had also been many failures. At that time, in 1984, I had the feeling that now I had it all under control, and I wanted to be grateful and begin to 'give back'. I knew that New York

University had to play a role in that because NYU means teaching, conveying knowledge, and helping others. Also, without NYU I would most likely never have met Jill.

I have to admit that I also wanted something that would fulfill my ego. It had to be something visible and lasting a long time, ideally forever. In other words, I did not want to just give money anonymously; I wanted it to be visible. If possible, I wanted to see my name on something. That may be a negative characteristic, but I cannot help it. That is just the way I am, and what has been driving me all my life, as initiated and encouraged by my mother.

So, in mid-1984, some insurance broker called on me and discussed different ways of using life insurance. I did not need life insurance for its basic purpose, to cover Jill once I am not around anymore. I had that already. Even though this gentleman was not particularly sophisticated, he still planted a basic thought in me which I myself then developed further into a fantastic idea.

The analogy I use is this: you can arrange logs in a fireplace in a very nice way, with newspaper at the bottom, some kindling wood on top of the newspaper, and the wood logs on top arranged in a very attractive way. The fact is, you still do not have any fire. To get the whole thing going so that it becomes a roaring fire, you need to hold one tiny match to the newspaper at the bottom. The newspaper will catch fire, and within seconds there is a beautiful fire.

The insurance broker, without knowing it because he did not know all my thoughts and objectives, held that tiny match to my imagined fireplace.

(Reference from page 364) What came out of this was that I endowed a full Professorial Chair at the Business School of New York University (NYU). That business School is now known as the Leonard Stern School of Business at New York University. It is one of the best business schools in the country.

In order to endow a Professorial Chair, I had to give an amount of money large enough so that the interest earned by the school on that amount of money is enough to pay for the annual salary of the incumbent Professor plus other benefits (e.g., a dedicated assistant or cost of research).
Here are the facts as they prevailed at that time in 1984: NYU had just launched a ten-year drive to raise one billion dollars to make its Business

School one of the best in the country. This meant that everybody at NYU concerned with raising money was highly motivated and eager to meet that lofty goal.

Here is what happened: NYU bought life insurance on my name. The insurance company agreed that 12 annual premiums over the 1984 – 1995 period would be adequate payment for that insurance. This meant that NYU had no more obligations to the insurance company after the payment of 12 annual premiums at the end of 1995.

Even though NYU had to pay the annual premiums, they expected to receive an annual donation from me, and another matching donation from Citibank. My annual payment to NYU was deductible from my taxable income and, as I was roughly in a 33% tax bracket, my taxes payable were reduced by one third of my donation.

For clarity and ease of understanding let me give you an <u>example</u> with numbers:

> If I gave $ 600 to NYU, Citibank matched my payment and gave another $ 600 to NYU. As a result NYU received a total of $ 1,200.
>
> As I received a tax refund of one third or $ 200 of my $ 600 donation, my after tax cost was only $ 400 even though NYU had received a total of $ 1,200.

The insurance is on my life, but NYU is the beneficiary of that insurance policy. That means that at the time of my death NYU will receive the total value of the insurance policy; since they will receive that money only after my death.

The biggest point in all of the above was the willingness of NYU to internally consider the face value of the insurance policy as money received in 1984, even though they have not gotten anything out of that policy even until today. This can only be explained because at the time they were so very eager to complete their $ 1 billion fundraising drive. They were motivated!

Soon after my retirement in February 1996, the Heinz Riehl Professorial Chair was created for eternity. David Backus was the first incumbent.

David was not just *Professor David Backus*. He was the *Heinz Riehl Professor David Backus at NYU*. When you googled the name David Backus before June 2016 you got: 'David K. Backus, the Heinz Riehl Professor of International Economics and Finance at New York University Stern School of Business.'

Unfortunately, David Backus died in June of 2016. However, the endowment will go on forever. The way endowments work is that only part (often 80 – 85%) of the interest earned is used every year to pay for the incumbent's salary and expenses. The remaining interest earned is added to the basic endowment to cover the likely rising cost for the incumbent as a result of inflation. For example, if the interest earned was 6%, the so called 'pay-out rate' might be only 5%. The 1% earned but not paid out is retained to cover future expected inflation.

In May, 2017, Stern School Dean Peter Henry announced that Anindya Ghose would succeed David Backus as the new incumbent of my Chair. When you google Anindya's name now in 2018, his new title is: Anindya Ghose, Heinz Riehl Chair Professor of Business at New York University's Leonard N. Stern School of Business. Anindya is an accomplished person. In 2014, *Businessweek's* Poet & Quants named Anindya as one of the top 40 professors under 40 worldwide, and Analytics Week named him as one of the "top 200 thought leaders in big data and business analytics". In 2017, Thinkers50 identified him as among the 30 management thinkers most likely to shape the future of how organizations are managed and led. His opinion pieces and research have been featured on the BBC, CNBC, MSNBC, NBC, and in *The Economist*, *The New York Times, Wired, Time, The Financial Times,* and *The Wall Street Journal*. He is also an avid high-altitude mountaineer and has climbed extensively on multiple continents.

Anindya just published his first book through The MIT Press with the title *TAP: Unlocking the Mobile Economy*. I feel honored and thrilled that such an outstanding member of the NYU Stern faculty was appointed to my Chair.

My friend and Stern Vice-Dean Ingo Walter wrote in his Aril 27, 2017 email to me: "Ghose is first-rate. He has done nice applied research on the interface of Marketing and Tech, and is an excellent teacher. He is also an academic activist and intrapreneur (a manager within a company who promotes innovative product development and marketing), and so is in line with the Chair's donor. I don't think I could come up with a better candidate than Ghose."

Dinner with Ingo Walter and Anindya Ghose (right)
May 12, 2017 at Lafaytte Restaurant in New York City

I am proud of having established this endowed Chair. The Chairman of the NYU Business School, at the time Dick West, praised me for my creativity. To his knowledge this donation plan had never been used before. I discussed this project in all its details with my friend Mike Callen, who at that time was Vice Chair of Citibank.

Today, more than 30 years later, this type of a fully endowed Chair at NYU's Stern School of Business costs $ 3 million.

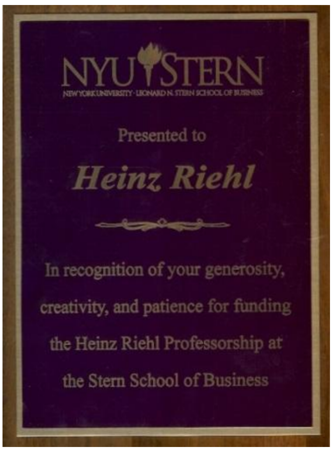


Photo of NYU Plaque received from NYU for endowing a Chair

I embraced New York University's Stern School in many ways.

STERN:
Student, **T**eacher, **E**xcellence in Teaching, **R**omance, **N**aming a Chair

Student:
In 1965, I attended a six week course
"American English for foreign Students" (See page 186)

Teacher
I taught in the MBA, Executive MBA and Executive Programs
from 1982 – 2008 (See page 280)

Excellence in Teaching Award 1999 (See page 284)

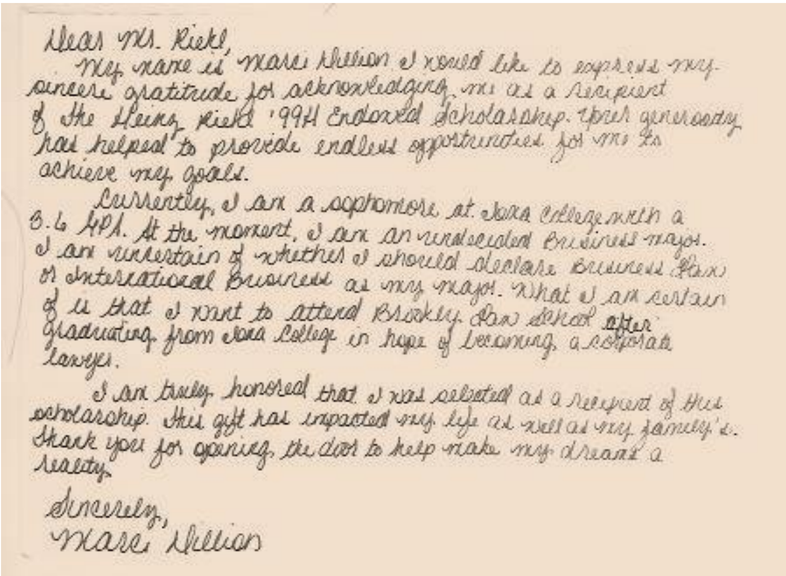
Romance with my wife Jill since 1984 (See page 286)

Named and endowed full Professorial Chair 1996
Held by Heinz Riehl Chair Professor David Backus 1996-2016
Held by Heinz Riehl Chair Professor Anindya Ghose since May 2017
(See page 360)

Endowing Scholarships

Iona College, New York

Jill and I also established endowed scholarships for two students at Iona College in New York. The following is a note we received from one of the recipients of this scholarship.



Dear Mr. Riehl,

My name is Marie Killian I would like to express my sincere gratitude for acknowledging me as a recipient of the Heinz Riehl '99H Endowed Scholarship. Your generosity has helped to provide endless opportunities for me to achieve my goals.

Currently, I am a sophomore at Iona College with a 3.6 GPA. At the moment, I am an undeclared Business major. I am uncertain of whether I should declare Business Law or International Business as my major. What I am certain of is that I want to attend Brooklyn Law School after graduating from Iona College in hope of becoming a corporate lawyer.

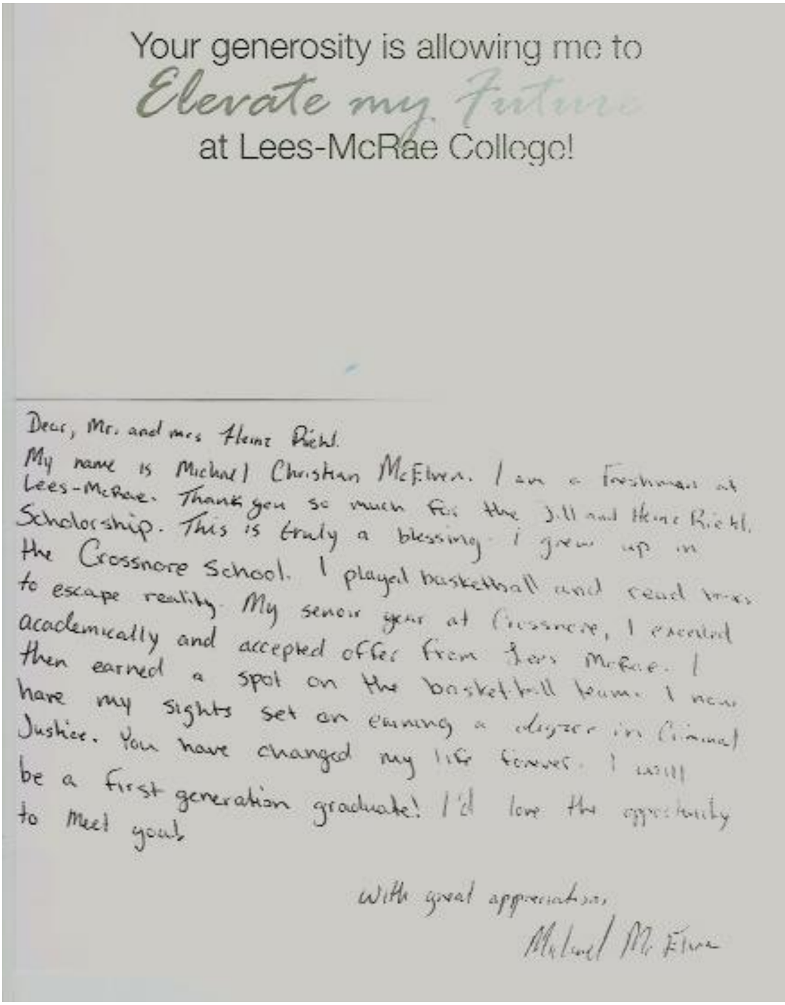
I am truly honored that I was selected as a recipient of this scholarship. This gift has impacted my life as well as my family's. Thank you for opening the door to help make my dream a reality.

Sincerely,
Marie Killian

Lees-McRae College, Banner Elk, North Carolina

Once we bought our summer-house in Linville, North Carolina, we became familiar with the nearby Lees-McRae College. This is a private four-year liberal arts college in Banner Elk, North Carolina that is affiliated with the Presbyterian Church. They are increasing their focus on economics and finance, and I wanted to support them.

Jill got involved a little with the also nearby Crossnore School in Crossnore, N.C., which is a Children's Home in Western North Carolina serving the needs of abused, neglected, and abandoned children. We settled our split interest in that we endowed a scholarship at Lees-McRae College with the stipulation that only students from the Crossnore School could be awarded the respective scholarship. The following are thank you notes we have received from the recipients of those scholarships.



Your generosity is allowing me to

Elevate my Future

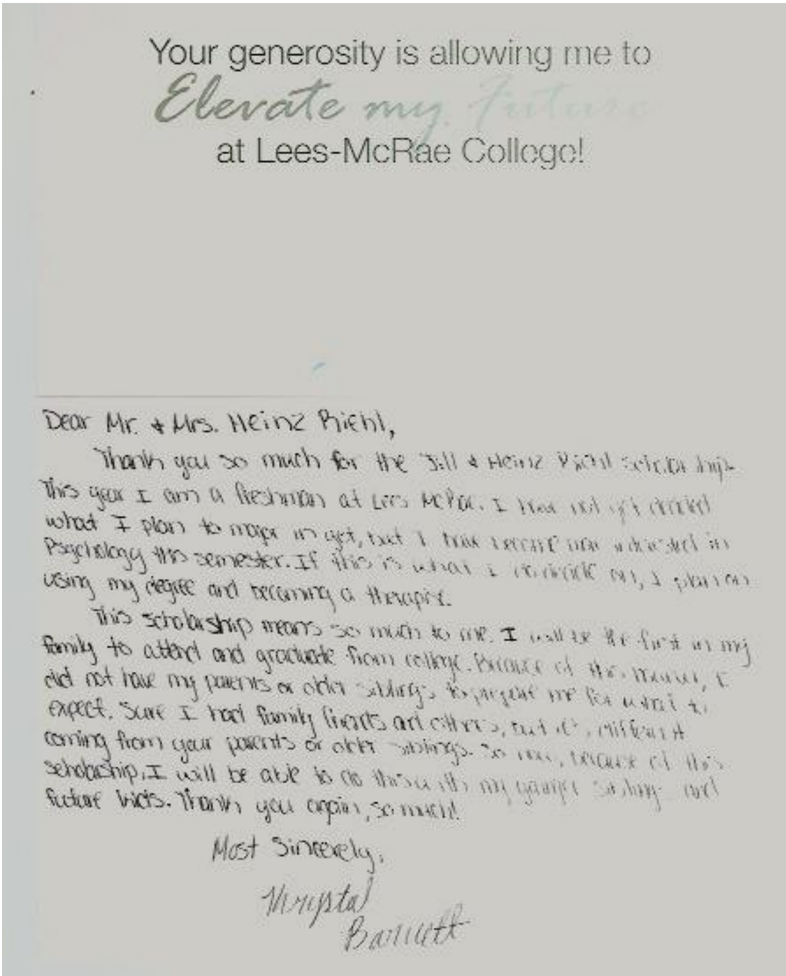
at Lees-McRae College!

Dear, Mr. and mrs Heinz Riehl.

My name is Michael Christian McElwen. I am a Freshman at Lees-McRae. Thank you so much for the Jill and Heinz Riehl Scholarship. This is truly a blessing. I grew up in the Crossnore School. I played basketball and read books to escape reality. My senior year at Crossnore, I excelled academically and accepted offer from Lees McRae. I then earned a spot on the basketball team. I now have my sights set on earning a degree in Criminal Justice. You have changed my life forever. I will be a first generation graduate! I'd love the opportunity to meet you!

With great appreciation,

Michael McElwen


Your generosity is allowing me to
Elevate my Future
at Lees-McRae College!

Dear Mr. & Mrs. Heinz Riehl,

Thank you so much for the Jill & Heinz Riehl scholarship. This year I am a freshman at Lees McRae. I have not yet decided what I plan to major in yet, but I have become more interested in Psychology this semester. If this is what I decide on, I plan on using my degree and becoming a therapist.

This scholarship means so much to me. I will be the first in my family to attend and graduate from college. Because of this reason, I did not have my parents or older siblings to prepare me for what to expect. Sure I had family friends and others, but it's different coming from your parents or older siblings. So now, because of this scholarship, I will be able to do this with my younger siblings and future kids. Thank you again, so much!

Most Sincerely,

Krystal Barnett

Admirals Cove Educational Scholarships (ACES), Jupiter

For many years Jill and I gave to the "Admirals Cove Foundation", which supports nonprofit charities focusing on Education, Healthcare and Social Services in Palm Beach County. The foundation receives donations exclusively from members of our club. Jill is Treasurer of this Foundation and one of its five Board members.

In addition to the Admirals Cove Foundation, our club established **ACES** – **A**dmiral **C**ove **E**ducational **S**cholarships – which supports exclusively the club's employees or their children.

> **Jill and I created the *Jill & Heinz Riehl Endowed Scholarship* which, in perpetuity, helps one recipient each year to attend a college of their choice.**

In 2016, Jill and I were the first members in our club to establish such an endowed scholarship fund. There are now indications that several other members will also establish endowed scholarships. Club President Bobby Symonds said in the April 2018 Admirals Cove Magazine as part of his President's Message:

"I would like to recognize Heinz and Jill Riehl for their special endowment scholarship award and their leadership in our community."

Below is the 2017 recipient Ricardo Lopez with his award certificate.

Other Causes

We regularly support other good causes including the Children's Hospital in Boston and my local church, the Holy Spirit Lutheran Church in Juno Beach, near Jupiter, Florida.

I strongly believe (in fact I can say that I know) that the bible is right when it says in Luke 6, 38, 'Give, and you will receive', and the Chinese say, 'If you continually give, you will continually have.'

Since I began to give in what was for me in 1984 a substantial way, my economic fortunes have always been quite good. In more present day practical terms, I apply to myself the expression: *'Learn, earn and return.'* And the giving does not always have to be money. There are the famous three 'T's:

- Time
- Treasure (money)
- Talent

I am proud of our daughter Janine who has encouraged her three children to give from an early age on. When they got $ 5 allowance, they had to give one dollar to some charity. They also were allowed to give away a toy instead of money. The important thing is that they were introduced to the concept of giving early on in their lives.

Expert Witness in Disputes about Financial Trading and Investing

After I retired from Citibank, I was asked often to serve as an expert witness in disputes about financial trading and investing. To provide this kind of litigation support an expert needs to meet three requirements:

- Knowledge of the financial subject matter
- Ability to explain the respective disputed points so clearly and logically that laymen or ordinary people, such as those who serve on a jury, can understand them
- The best possible reputation so that listeners say, "When such an expert/superstar says it, then it must be true."

It is important to testify <u>for</u> banks and also <u>against</u> banks, otherwise the opposing side may say that the banks 'have me in their pocket.'

The services provided by the expert to the respective client include:

- An initial opinion about the matter, i.e. does the client have a case or not.

- Writing an affidavit about the case, expressing and substantiating my opinion.
- Providing a deposition to the other side, in which I defend my affidavit.
- Testifying in court, often under oath, defending my deposition in cross examination by the opposing lawyer
- Answering questions from the judge.

I have done all of the above, including providing support for litigation at the International Court in The Hague, the High Court of Singapore, the Dublin International Arbitration Center and in Federal and State courts in the USA.

My logical, clear, and straightforward way of speaking allows me to make complex subjects easily understandable to everyone. That quality earned me an 'Excellence in Teaching' award at New York University's Stern School of Business in 1999, and it is appreciated by judges and juries in the courtroom setting.

The following are some higher profile cases I was involved in

1

Law firm:	Chief Counsel
Client:	New York Federal Reserve Bank[4]
Opponent:	Bank Melli, Teheran, Iran (Central Bank of Iran)
Matter:	US Government blocked Iranian assets at the New York Fed Difference in risk between US Government bonds and Eurodollars
Court:	International Claims Tribunal in The Hague, Netherlands
Year:	1997 – 1998
My action:	Affidavit and testimony in court

2

Law firm:	Kaye, Scholer, Fierman, Hays & Handler, LLP, New York
Client:	China Non-Ferrous Minerals and Metals (Department of Chinese Government)
Opponent:	Lehman Brothers, New York and Hong Kong
Matter:	Unauthorized foreign exchange trading
Court:	New York City

Year:	2001 – 2002
My action:	Affidavit and testimony in court

3

Law firm:	Drew & Napier, Singapore
Client:	Deutsche Bank, Singapore Branch
Opponent:	Kuok Oils & Grains Pte Ltd
Court:	The High Court of Singapore
Year:	2000
My action:	Affidavit

4

Law firm:	Rajah & Tann, Singapore
Client:	Commerzbank (South-East Asia) Ltd
Opponent:	Shenyin Wanguo-Aps Management Pte Ltd formerly known as Shanghai International-Aps
Matter:	Court: The High Court of Singapore
Year:	2001
My action:	Affidavit and testimony

5

Law firm:	Drew & Napier, Singapore
Client:	HSBC, Singapore Branch
Opponent:	Philippine export / import trading company, Manila
Matter:	Disputed margin calls on forward exchange contracts
Court:	The High Court of Singapore
Year:	2001
My action:	Affidavit and testimony in court

6

Law firm:	Heller Ehrman, San Francisco
Client:	Visa International Corp.
Opponent:	Schwartz class action
Matter:	Dispute over foreign exchange rates used by Visa to convert foreign currency charges into US$
Court:	Alameda County Superior Court No. 822404-4 Oakland California, State Court
Year:	2001 – 2002
My action:	Affidavit, cross examination and testimony in court

7

Law firm:	Drew & Napier, Singapore
Client:	UBS, Singapore branch
Opponent:	ANTHONY WEE SOON KIM (NRIC NO. S1090313J)
Matter:	Dispute over foreign exchange trading and loss resulting from un-hedged foreign currency borrowing
Court:	The High Court of Singapore (Suit No. 834 of 2001/R)
Year:	2002 – 2003
My action:	Affidavit and testimony in court

8

Law firm:	Ed Palermo, Hauppauge, New York
Client:	Mamet Mekhtiev, Russian FX trader for Evergreen FX Fund
Opponent:	United States of America
Matter:	Investor's losses from investing in Foreign Exchange Fund
Court:	US District Court, Eastern District of New York
Year:	2003
My action:	Affidavit and testimony in court

9

Law firm:	Boies Schiller & Flexner, Orlando, Florida & Reed Smith, Philadelphia
Client:	Jane Baker and James Baker (owners of DRAGON speech recognition)
Opponent:	Dexia Bank S.A., Belgium
Matter:	I was retained to analyze the loans at issue in the Complaint and to provide expert testimony on: 1. Dexia's procedures in granting and documenting the loans in question; 2. The Bank's procedures in connection with the repayment of loans; 3. The Bank's use of credit default swaps as security for two loans; 4. The promotion of Lernout and Hauspie (L&H's) securities by Artesia Securities.
Court:	United States District Court, District of Massachusetts
Year:	2006 – 2007
My action:	Affidavit and videoed cross examination

10

Law firm:	Drew & Napier, Singapore
Client:	Jurong Shipyard Pte Ltd, Singapore (subsidiary of Sembcorp Marine)
Opponent:	BNP Paribas, Singapore Branch
Matter:	Unauthorized foreign exchange trading by client's CFO, enabling cooperation by the Bank
Court:	The High Court of Singapore
Year:	2007 – 2008
My action:	Affidavit

11

Law firm:	Drew Napier, Singapore
Client:	UBS, Singapore Branch
Opponent:	Mr. Ng Kok Keong (Singapore high net worth individual)
Matter:	Dispute about speculative FX trading, complex FX options & margins
Court:	The High Court of Singapore
Year:	2010 – 2011
My action:	Affidavit and testimony

12

Law firm:	Clifford Chance, Singapore
Client:	Barclays Bank, PLC, Singapore
Opponent:	Finolex Cables Limited, Mumbai, India
Matter:	Dispute over complex Foreign Exchange option transactions
Court:	The London Court of International Arbitration
Year:	2012 – 2013
My action:	Prepared Affidavit

13

Law firm:	In-house counsel of Dom Maklerski BDM Sa
Client:	Don Maklerski BDM, a FX brokerage firm in Warsaw, Poland
Opponent:	Baxter Technologies Limited, Baxter Solutions, USA
Matter:	Expert opinion on various risks that need to be considered in establishing a new trading platform for the Foreign Exchange market.
Court:	International Centre for Dispute Resolution, Dublin, Ireland
Year:	2014
My action:	Expert Report

Bank opponents:
Central Bank of Iran, Teheran
Lehman Brothers, New York
Dexia Bank, Brussels, Belgium
BNP Paribas, Singapore

Bank clients:
New York Federal Reserve Bank
Deutsche Bank, Singapore
Commerzbank, Singapore
UBS Singapore
HSBC Singapore
Visa International Corp
Barclays Bank, Singapore
Don Maklerski BDM, a FX brokerage firm in Warsaw, Poland

Law firm clients:
Chief Counsel of New York Federal Reserve Bank, New York
Kaye Scholer, New York
Drew & Napier, Singapore
Rajah & Tann, Singapore
Heller Ehrman, San Francisco
Ed Palermo, New York
Boies Schiller & Flexner, Orlando, Florida
Reed Smith, Philadelphia
Clifford Chance Asia, Singapore
Clifford Chance, London
PLMJ Advogados, Lisbon, Portugal

My reputation with the law firms is that I not only provide my expert opinion on the specific point for which I was hired, but I also develop my own opinion on the strategy we should pursue in order to win the case. Usually this is the job of the Senior Partner of the law firm. However, many times those seniors do not quite understand how the technical issues impact the entire case; therefore, they often welcome my input.

The above cases #3 and #4 were particularly interesting.
Because I was Chairman of their FX Committee from 1986 to 1988, I continue to get invited to the annual dinner meeting of the New York FED. The 1999 meeting was also attended by Dan Almeida who, at the time, was the Head of FX for Deutsche Bank. Previously, he had worked for me at Citibank. He asked me whether he could give my name to his Singapore

Branch because they had a legal problem with FX. That led to my involvement with dispute #3. The Senior Partner of Drew Napier, Harpreet Singh and his assistant, Cheryl Tan, came to New York and spent an entire day with me at the Pierre Hotel. I explained the intricate FX issues resulting from the draconian Malaysian FX controls. After that, I wrote a 128-page affidavit. Once the opposing party read my affidavit, they settled the case to the full satisfaction of Deutsche Bank.

A month later I received a call from Managing Partner Patrick Ang at the Singapore law firm Rajah & Tann. They knew about my affidavit and performance in the case described in #3 above. Since case #3 was settled, it had not become public and I did not understand how at that time Rajah & Tan could have known about my involvement in that case. It turned out that Rajah & Tann had been the opposing law firm in case #3. As such, they read my affidavit and, after reading it, they backed out of their suit against Deutsche Bank.

Rajah & Tann was now calling me asking that I testify for them on behalf of Commerz Bank against a Commerz Bank client. We won that case (#4), and it was in the context of this case, that I testified the first time under oath in the High Court of Singapore. Even though Singapore is an ultra-modern State, the format of its judicial process is very much 'old' English. The judges wear grey wigs, and the lawyers refer to each other in court as 'my learned friend.'

More than ten years later the senior lawyer, Harpreet Singh, transferred from Drew Napier to Clifford Chance, another famous global law firm. When they had case #12 above on behalf of Barclays Bank and the Indian company Finolex, Harpreet wanted to use me as expert because he knew me from several cases I had won with him when he still worked for his previous law firm, Drew Napier.

However, the lawyers at Clifford Chance had many other experts whom they had used previously with success. Harpreet told me that the Clifford Chance lawyers wanted to interview me via closed-circuit TV. I went high up to an office Barclays Bank had in the Petro Towers building in Kuala Lumpur for a two-hour interview via TV. The interviewers were lawyers and traders from Barclays in Singapore, London, and Mumbai. I survived and they hired me as their expert. The case was settled and Barclays was happy.

I am proud of my performance in case #6. This involved a class action suit against the Visa Credit Card Corporation. A class action suit is a situation in which individuals believe that they have been wronged, but as individuals they don't have the money and the bargaining power to successfully sue a large corporation. In such a case, they find a lawyer who identifies a total of at least three such individuals who feel that they suffered from the same wrong doing and present their claim to a judge. If the judge agrees that a fundamental wrong doing may have occurred, the judge approves the case to go forward as a class action suit, i.e. an entire class of individuals might be affected. This opinion of the judge does not pre-judge the case. It only means that there is sufficient cause to warrant action.

In this case, the 'class' (i.e., millions of Americans) accused Visa of overcharging when they were converting dollars into miscellaneous foreign currencies.

For example, if an American pays his hotel bill in Mexico with his Visa Credit Card, the hotel receives Mexican pesos at the end of the month. Also at the end of the month, the American pays dollars to Visa. Visa will convert those dollars received from the American into pesos to pay the hotel in Mexico. It is this conversion from dollars into pesos that was at the center of this case. The 'class' accused Visa of using a very unfavorable FX rate for this conversion so that all those individuals (the 'class') had to pay more dollars (for their pesos) than necessary.

Visa had hired me as their expert to defend them. I got all the facts and relevant details of the case, wrote an affidavit, was cross-examined by the opposing lawyer for a full day, and finally testified under oath in the State Court of Oakland, California, just outside of San Francisco.

We won the case, and I would like to describe the decisive detail of a foreign exchange trading technicality that made all the difference. Every FX rate consists of two rates, the buying rate or bid rate and the selling rate or offered rate. For example, when somebody calls a stockbroker and asks for the price of a certain stock, the broker might say, "100 bid and 102 offered." This means that the broker will buy the stock at 100 and sell it at 102.

If the customer wishes to buy, he must do that at the broker's offered rate of 102. If the customer wants to sell, she must do that at the broker's bid rate of 100. The same is true for all other market prices including foreign exchange rates.

Every day foreigners are visiting the USA and, through their Visa card, are buying dollars with their own currencies. Every day there also are Americans visiting Mexico and other countries around the world and, through their Visa card, are selling dollars to obtain pesos and other currencies.

Visa is netting those purchases and sales of their cardholding customers and transacts in the open market only the net amount. Visa will then apply that FX rate used on the net amount to all customers and their transaction needs of the day, Americans and non-Americans.

It turned out that every day there usually are more foreigners buying dollars (like $ 120MM) when they come to the USA than there are Americans selling dollars (like $ 100MM) when they travel abroad.
Visa transacts every day only the net amount in the market. Based on the above numbers, Visa will buy $ 20MM at the market offered rate, like at 102 in the above stock analogy. This one single rate is then applied to the total transaction volume of $ 220MM, which means that Americans are selling their $ 100MM at the market offered rate, i.e. in the stock analogy at 102.

Once the judge understood and believed that Americans using the Visa credit card are selling their dollars at the (higher) offered rate in the market, the case was over; the class lost and Visa won.

The case shows what we also often see in criminal cases on TV: it is a tiny technical point that makes all the difference.

Out of all the 25 cases I was involved in, I lost only one, and that was #8. My client Mamet Mekhtiev, the Russian FX trader for the Evergreen FX Fund, committed suicide after he was found guilty. I personally believe that he skipped town, but who knows.

Sometimes I get invited to serve as expert when I do not agree with the opinion held by the people inviting me. As an exaggerated analogy, I will refuse to say in court, “It is my expert opinion that 2 plus 2 is 5.” In other words, I will not give expert testimony when I know that it is factually wrong. Things are not always as clear as 2 plus 2 is 5. Sometimes there are different ways of looking at things. In such situations, my Chairman and wife Jill always reminds me that the most valuable thing we all have is our reputation for integrity.

Currently, I maintain an elaborate website www.RiehlWorld.com almost exclusively to attract new cases in which I could possibly serve as expert witness.

Independent Director/Trustee for Investment & Hedge Funds

Individual and institutional investors give their money to money managers and banks so that they can invest for them. Usually, investors invest in funds which are managed by professional investment management companies, including banks.

Each such fund has a specific investment strategy which is written up in a prospectus for each particular fund. For example, the prospectus for one fund may say that this fund may only invest in European financial institutions; another one might be allowed to invest only in Japanese consumer companies; a third one might only be allowed to invest in fixed income securities, i.e. bonds to finance affordable housing.

The US regulator requires each such fund to have an independent supervisory body to protect the interests of the investors and assure that the managers of the specific funds do what they are supposed to do. For example:

- Only invest in what they are allowed to invest in as per the specific advertised investment strategy
- Do not charge inappropriate expenses to that particular fund

Since the late1990s I am a Director/Trustee of two such funds complexes.

In 1999, Neil Salomon invited me to be a founding Trustee of the CRA Fund in Fort Lauderdale, Florida, which helps banks in the United States provide socially responsible financing (usually mortgages on housing) as required by the Community Reinvestment Act. The creation of that fund was the brainchild of my friend, Todd Cohen. Neil had been a client of my son Ralf when Ralf was still in the travel insurance business. Ralf had introduced me to Neil and we played a round of golf together. Neil was instrumental at the early stages of the creation of the CRA Fund, including putting together the Board of Trustees. I want to thank Ralf for having introduced me to his friend Neil.

In addition I am also a director of hedge funds managed by Janus Henderson Global Investors in London. For both funds I am the lead director responsible for Risk Management & Internal Controls to protect against errors and fraud.

The law requires that directors meet at least four times a year to review the operations of the fund they are responsible for and to discuss other pending issues. The directors of the CRA Fund meet two times in Fort Lauderdale and two times in Philadelphia. The Henderson Hedge Funds Directors meet four times every year: once in London and three times in different nice cities in Europe, wherever we wish to go. For tax reasons those three meetings may not be outside Europe.

All of this sounds very good. However, one should not forget that directors are responsible for the proper process at those investment funds. If the fund manager does the wrong thing and there are losses, directors can be, and have already been, sued by the investors.

To protect against this, there is Directors & Officers (D & O) insurance against their own 'wrong doing.' In addition, as I am the lead Director responsible for internal controls for both fund-complexes, I am kind of my 'own policeman.' Once a year I review the prevailing control processes and make sure that they use 'best practices.'

I got these two directorships largely because of my expertise in Foreign Exchange and Risk Management/Internal Controls. The London-based hedge fund people Gartmore (later purchased by Henderson) started a new fund which was to invest only in foreign Currencies. Henderson merged later with Janus and is now called Janus Henderson Investors. For regulatory reasons Gartmore needed in 2002 a foreign exchange expert who was not based in London. They went to Citibank and asked for a recommendation. Citibank recommended me, and the rest is history.

However, I quickly discovered that the internal control processes at this hedge fund complex (Gartmore) needed improvement. I pointed this out to the management; they invited me to perform a review, and followed my recommendations. As a result, they invited me to be a director on other subsequently opened new funds.

The foreign exchange fund did not work out and was closed after a couple of years. I still remained a director of some funds of this hedge fund complex. This is a good example for my definition of luck: The management company started a fund for FX and needed a non-London director, and Citibank recommended me. One could say that was **luck**. However, this got me into the entire hedge fund management company, which awarded me 'the penalty kick'. I kicked the ball in by convincing the management of the fund complex (Gartmore) that they needed my expertise in risk management and internal controls, which led to appointments as director of other funds.

Janus Henderson Investors uses J. P. Morgan in Dublin, Ireland, as administrator for their hedge funds. As lead risk director I visit the administrator once a year together with two other directors and perform a 'due diligence review' of the J. P. Morgan services.

This is also a pleasant assignment. Jill has come with me occasionally in the past and tried some of the more attractive golf courses in the Dublin environment, including the K Club, where the Ryder Cup matches were held in 2005.

Personal and Family Memories

Sleep Apnea Diagnosis

I have known for many years that I snore. My son Heinz even mentioned this in his letter for my 70th birthday. (See birthday letter from Heinz, Jr.[6])

However, it was not until Jill and I went to Canyon Ranch in Lenox, Massachusetts for a major medical examination around 2001 that my snoring lead to a diagnosis of Sleep Apnea. Canyon Ranch is a health resort and day spa offering wellness programs and all-inclusive fitness vacations.

Sleep apnea is a potentially serious sleep disorder in which breathing repeatedly stops and starts. People who have sleep apnea often snore loudly and also often feel tired even after a full night's sleep. I snored but did not feel tired. Therefore I ignored the snoring, particularly as Jill did not feel disturbed by it. Here is how my condition was diagnosed.

While at Canyon Ranch, Jill and I had private individual sessions with the doctor. The doctor asked Jill standard, routine questions including whether she slept well at night. Jill said that she did sleep well at night, even though I snore.

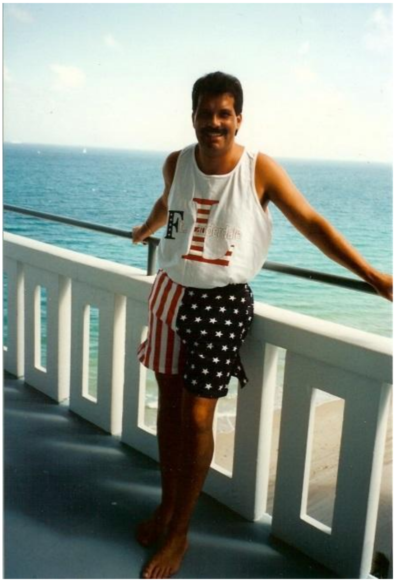
Now you can see the high quality of the doctor. He followed up on Jill's comment about my snoring and asked for a more detailed description. When Jill reported that I often stop breathing, and then hastily begin to breathe again, the doctor suspected that I had sleep apnea. A test was made that same night which confirmed the doctor's suspicion.

At that time Canyon Ranch had Dr. Doug Deslauriers as its sleep specialist. I consulted and befriended him. He prescribed a CPAP machine. CPAP, or Continuous Positive Airway Pressure, is a treatment that uses mild air pressure to keep the airways open. I use an under-the-nose face mask, and I sleep perfectly well, like a baby, without snoring. (Over the last 15 years those machines have become smaller, less expensive and more sophisticated.)

Particularly in the first few years, my friend Doug Deslauriers provided me with very good service, including performing sleep tests at my house in order to determine the proper air pressure for me. In more recent years, machines have become automatic and self-adjust to the proper pressure needed. They also automatically adjust for different power like 110 versus 220 volt and altitude, which is important because our summer house in Linville Ridge is at an altitude of 5,000 feet or 1,500 meters. I travel around the world with my machine and never have any problem. I even sleep with it for hours on long-distance flights. (See birthday letter from Doug Deslauriers. [7])

Housing After Retirement from Citibank

In 1992, we bought a nice apartment in a building called The Commodore on Galt Ocean Drive in Fort Lauderdale. It served its purpose to provide a nice place for us in winter when we spent long weekends or short vacations there. At that time, I covered South America for Citibank and flew from wherever I was in South America up to Miami and met Jill, who came down from New York, in Fort Lauderdale.

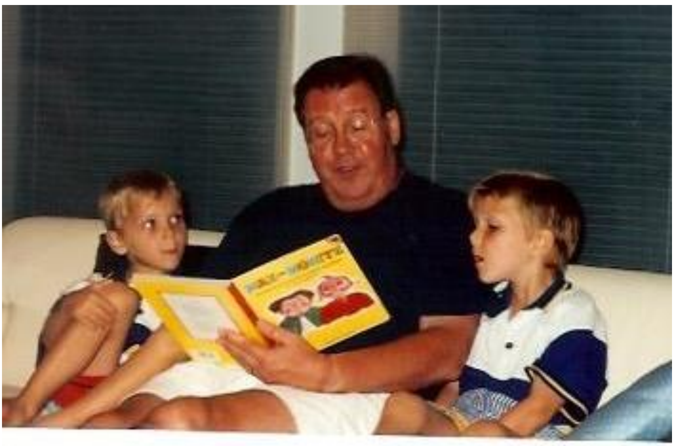


Heinz Jr. on terrace in Ft. Lauderdale in 1994, age 34

We joined the Coral Ridge Country Club just a couple of miles away, which was the home Club of the famous designer of golf courses Robert Trent Jones Sr. In 1998, Jill won the Club Championship (Handicap Tournament) and had a nice photo taken with Robert Trent Jones Sr. presenting her the trophy. He signed the photo, and we have it in a special place in our house in Jupiter.

Jill receiving trophy from Robert Trent Jones Sr. in 1998

After we retired in 1996 we continued to live in Darien, Connecticut on Linda Lane and played golf at the Country Club of Darien. During the winter we lived full time in our apartment at the Commodore in Ft. Lauderdale.



HR reading famous German children's book of Max and Moritz to grandchildren Alexander and Nicolai 1997

There are two stories I remember: The apartment at the Commodore came with one underground garage, but we had two cars – nice cars. I did not like the idea of leaving one car outside in the parking area of the building. The day came when one lady (the wife of one of my golfing buddies) could not drive anymore and made it known she would sell her underground garage to the highest bidder. I really wanted the garage and did not care what it would cost. Many people in our building wanted that space, and I wanted to make sure that I got it. The solution was: instead of submitting the dollar amount I was willing to pay to buy the garage, I told her I would pay her $ 1,000 more than the highest bidder. It worked; I got the garage.

There was a beach immediately behind the Commodore building. On that beach there were about ten cabanas assigned to ten specific apartments in that building; however, there were about 100 apartments. Of course I wanted one of the cabanas. The concierge-type lady at the reception desk told me that there was a waiting list for cabanas. Whenever one became available, the people on top of that list would get it. The process did not appear to be well organized and professional. The concierge-lady liked it when she got flowers and a bottle of champagne from me for her birthday. Somehow, I got to the top of the list overnight, and a couple of months later the devil had it that indeed one of those cabanas became available. I got it and it was one of my Christmas presents for Jill in 1996.

Even though that apartment was nice as a vacation place, it was too small to spend the entire winter in it. When the two towers of l'Hermitage went up, which was almost immediately adjacent to the Commodore, we bought one of the most beautiful apartments in that building, a South-East corner on the 17th floor. Again, I managed to get a special deal regarding garages. Not only did I get two spaces underground right from the beginning, but one of them was located at the most desirable spot near the elevators.

We were introduced to one of the top interior decorators in South Florida, Judy Howard, and hired her to decorate the apartment in the most attractive possible way. There were no expenses spared, and the result was fantastic. If one had an apartment instead of a house, this was the place.

After my retirement from Citibank I continued to travel and teach because I enjoyed it so very much. On the other hand, Jill asked me to stay home and not travel because we did not need the money I earned from teaching.

That lead me to think about so-called 'work' versus leisure and ultimately to the commissioning of a painting on that topic. That painting is shown below and it was done by Marc Beauregard. Marc wrote a letter with deep thoughts on my 70th birthday.[8]

Painting of work versus play by Marc Beauregard, 1999

Becoming a Citizen of the United States in 1999

(Reference from page 319)
Following my transfer from Germany to New York, Citibank helped me to get a Green Card in 1971 and I became a permanent resident of the United States. This status is almost the same as being an American. The only thing permanent residents cannot do is vote and be elected to public office.

In Citibank a person's nationality had not made any difference in any way.

Over the years I began to like the values of the USA and what they stand for. In particular I liked the song *God Bless America* and enjoyed singing it on New Year's Eve at midnight, after we welcomed the New Year. It was my custom to put on the record and sing that song together with everybody else.

I did that also on New Year's Eve 1998, three years after my retirement from Citibank. However, I noticed that while I was singing my voice broke and tears rolled down my cheek. I realized how much the USA had given to me, including my wonderful wife Jill.

This outbreak of feelings and emotions and the subsequent thought process suggested that it was time to become an American. And that is what I did within the following few months.

Moving to Admirals Cove in Jupiter, Florida, 2004

Nice as l'Hermitage was, after a few years we decided that we wanted a house instead of an apartment and we wanted it in a less busy area than Fort Lauderdale. We looked around and found paradise-like Admirals Cove Club in Jupiter. (www.AdmiralsCove.net)

In 2004, we bought a nice house at the end of a dead end street. It is right on one of those 100 yards wide canals. From those canals it is less than a mile to the Atlantic Ocean. We have a terrace-like dock, but we do not have a boat because Jill gets motion sickness quickly. The canals are dredged and fit to accommodate ocean going yachts.

Family behind Jupiter house on dock, 2009

Family including cousin Renate Buse seated left holding baby Cole, Thanksgiving 2004

We hired our friend Judy Howard again to first completely gut the house and then redecorate it. A couple of years later, again with Judy's guidance, we added two bedrooms upstairs and created more space, including a sauna downstairs.

The club is ethnically and economically diverse. The 850 members are half Jewish and half Christian. House prices range from $ 500,000 to $ 20 million.

Jill and I are well entrenched in the club. Jill won the lady's golf club championship in 2008 and 2012 and was President of the ladies golf association. She also has just been invited to join the Admirals Cove Foundation Board and will serve as its Treasurer. In addition, she also joined the club's Greens Committee.

In 2005, I won the Men's Club Championship in the D flight, repeat D flight. Yes, there is something like that. It is a big club; please note that there are also E and F flights. I was very proud when I won my championship. There were 16 participants, and I had to win three times under the knock-out system to make it to the final. In that final I was down three after seven holes but still won on the 17th hole. Jill and I won the husband and wife club championship twice in 2007 & 2010 in the A flight.

HR teaching golf to grandson, Riley, in 2004

HR and Jill with from left Dylan, Riley and Cole, 2008

When we joined the club in 2004, Don Daren was President. (See birthday letter from Don Daren[9]) He got to know me when I volunteered to help on the Mandatory Membership Committee. He also invited me to join the Finance Committee, on which I have served ever since I joined the club. I also served on the Board of Governors as Treasurer for a three-year term from 2009 until 2012. Most recently, in April 2018, President Bobby Symon asked me to join the club's newly formed *Long Term Strategic Planning Committee.*

I ran for the Board and the office of Treasurer in 2009. All candidates were required to give a four minute speech to the membership explaining why they thought they were qualified and what their plans were for the future of the club. I was one of six candidates running for three available spots on the Board.

I prepared for that speech for weeks, similar to my preparation for my mother's 80th birthday speech. Except here there was one big hurdle: In terms of background, mine is Citibank, Citibank, and again Citibank.

And this was 2009, just after the financial crisis. Citibank reported huge losses and had to be bailed out by the government. The stock price of Citibank was down, and many members of Admirals Cove had lost money on that stock. How do I explain to those members that most of my accomplishments in the past had to do with near-bankrupt Citibank and still get them to vote for me?

Below is the speech, delivered seemingly extemporaneously and by heart, in 3 minutes and 54 seconds, 6 seconds shorter than the limit (Club Vice President Jim Baugh timed all speeches with a stopwatch).

> I am Heinz RiehI. My wife, Jill Riehl, and I came here five years ago, and we love it here.
>
> Now, let me tell you a little about myself and in particular why I am running for the Board. I have been a finance person all my life. Specifically, I have been a banker, an author of several books, an academic at leading universities and a director of hedge funds. Given this economic crisis, I think that our club needs Board members who understand finances and who are willing to continue the successful policies of the present Board and management.
>
> I would be that type of Board member, and that is why I am running.
>
> In 1960 I was a co-founder of Citibank in Germany. This was the beginning of a distinguished 36-year international career with that bank. At different times, I supervised Citibank's business on all 5 continents. When I retired in 1996, and that was 13 years ago, I was a Senior Vice President and member of the Policy Committee; and at that time Citibank was the biggest and most profitable bank in the world.
>
> I have Citibank blood in my veins, and it breaks my heart when I see today how poor leadership, wrong strategies and bad management brought down that bank. The story of Citibank and other companies shows that tough economic times require visionary leadership and skilled management to navigate successfully through rough waters.
>
> That is also true for our Club!

> As a three-year member of the House Committee, I have seen lifestyle and service levels improve dramatically.
> Today we live in Paradise!   As a Club, we are what **my** Citibank was 13 years ago! I want to keep it that way. I want to preserve the value of our homes and our quality lifestyle.
>
> In the future our club has to address important, and often complicated, financial matters. Our leadership will have to face these issues, balancing our need to maintain quality service levels on one side, and <u>sensitivity</u> to our financially impacted membership on the other side.
>
> This is a major financial challenge and <u>I am</u> <u>prepared to accept this challenge</u>. I have 50 years of top-notch experience in finance, as you can see from my resume. I also have common sense, good judgment and considerable life experience, and I want to use all of that to keep our club the first class club it is now.
>
> As a four-year member and current Vice Chair of the Finance Committee – together with my fellow Committee members as well as our Board and Management – I am pleased to be part of a <u>‘team’</u> that has, to date, placed the club in its <u>best financial shape ever</u> – <u>and we also continue to operate within budget</u>, even as our sister clubs in the area falter under the weight of this economic crisis. <u>As a ‘team’</u> we make sure that every dollar spent is well spent.
>
> Moreover, with the Finance Committee’s advisory input, the club has implemented a <u>long-range plan</u> that will eliminate our debt in six years. This <u>also</u> provides much hope for the future and <u>protection against surprises</u>.
>
> My fellow members, we must preserve what we have. We need continuity! I represent that continuity. Please vote for me!

Well, it worked. The members elected me to the board and I became Treasurer for a three-year term.

Plaque commemorating my years of service on the Board of Governors

There were good, nice people, who complained loudly about the cost of the club. When we launched improvements of the clubhouse and golf course, they opposed those efforts, claiming that they were maybe 70 plus years old and that those improvements (and associated costs) were not necessary.

And they were right. For <u>them</u> those improvements were not necessary. They visualized that they had only a limited number of years to live and play golf. But that was not the issue. As leadership of the club we had to assure its ongoing high quality for the long run, not just for the life expectancy of a part of the current membership.

Throughout my life, I always wanted to leave a footprint or improvement after I had assumed some responsibility. In this case, I convinced the

Board to approve, in addition to the already existing *Mission Statement*, a *Financial Mission Statement*, which reads as follows:

> *The Club at Admirals Cove will promote consistent financial policies, intended to ensure the stability and fiscal health of the Club. These policies shall be guided by the "perpetual entity principal", and not by individual life expectancies. This requires views with a long-term horizon. Specifically, the Club should avoid decisions which improve cash flow in the near term and defer expenditures to future periods.*

In Admirals Cove, all houses have been sold. When an existing member leaves the club and a new member comes in, the new member must pay an admission fee. Part of this amount is paid to the parting member to reflect the equity he had in the club. The larger part remains with the club and is used for annual capital improvements. As such those sales are very important, have a large impact on the finances of the club, and need constant promotion. I saw the promotion of those sales as part of the Treasurer's responsibility. But I was told that that is not so. Instead new membership sales are the responsibility of the Membership Committee.

Never mind whose responsibility it is, I identified three steps to attract new members:

- **Marketing** (Step 1) Bringing our name to the attention of people who have never heard of Admirals Cove. Direct them to our first class and continuously updated website www.admiralscove.net.

- **Marketing follow-up** (Step 2) Attend fully to *nibblers*. These are people who are visiting the club and considering membership. Get key staff and, if possible, some members, involved in catering to the nibblers' interests and show them how wonderful we are in the areas of golf, boating, tennis, health club, spa, restaurants, etc. Make prospective members first fall in love with the club, and only afterwards get them to buy a house and membership.

- **After service** (Step 3) Overwhelm new members with all kind of niceties and make them feel at home. They should give all their friends up north an earful of how wonderful and paradise-like our club is. Many new membership sales result from such member referrals.

In any case, I used my creativity to develop the following promotional language and acronym, which unfortunately has not been used so far.

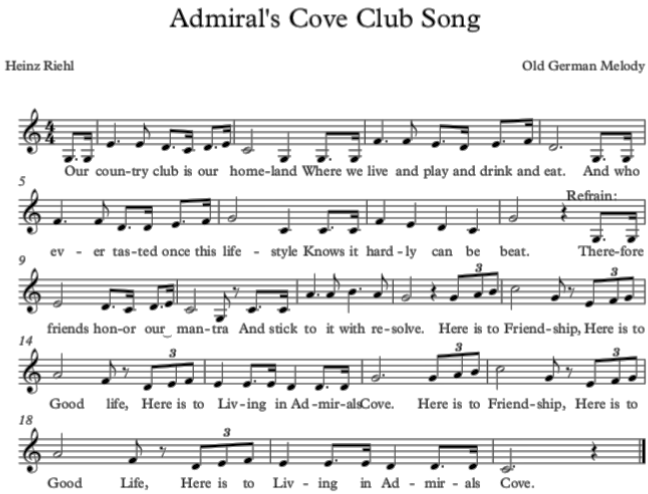
It begins with the undisputed statement that our club represents Paradise and that we live in Paradise. Based on that, here is *Paradise* explained in more detail:

Living in Admirals Cove is living in PARADISE.

> **P**latinum and Emerald Club: Have the time of your life in one of the most desirable residential communities in the USA
>
> **A**tlantic Ocean Access: Docks behind most homes, deep sea fishing one mile away from your home. Protected Harbor, Marina.
>
> **R**eal Estate: Homes vary in type, size, location, and value from $ 500M to $ 20MM
>
> **A**menities: Two Club Houses, Inn, Business Center / Concierge Service. Multiple restaurants & bars. Home catering from pizza to party. Golf, tennis, pro shops, pools. Tournaments and member/guest events for golf, tennis, fishing and card games. Hair & nail salon, spa, health clubs.
>
> **D**iversity: Diverse membership with plethora of different interests, inclinations, ages, skills and experiences, facilitating finding friends with shared interests. Youth-programs for over 100 children. Global multilingual staff.
>
> **I**nfrastructure: I 95. International Airports. Top medical services, schools/universities, shops /mall, restaurants, professionals.
>
> **S**taff & Management: International, competent, caring, warm service. Mission Statement calls for anticipation of unexpressed member needs. Ongoing training at all levels. Member surveys to identify any dissatisfaction requiring correction.
>
> **E**conomic & Financial Strength: golf courses, clubhouses, marina, inn, tennis courts and 6 miles of navigable water-ways inside gates have a very high value. Long-term capital plan. Operating within budget for many years. Mandatory membership.

Admiral’s Cove Club Song

Finally, I also created a ‘Club Song’. It was based on and modeled after the club song of my German Rot Weiß Tennis Club, and also used the same melody. Here it is: Admirals Cove Club Song (2008)



Our country club is our homeland
Where we live and play and drink and eat.
And whoever tasted once this lifestyle
Knows it hardly can be beat.

Our golf swing always needs improvements
Never mind what are the handicaps,
And our drives, and chips and our putting
Still have many, many gaps.

Our tennis game is far from perfect
Our ground strokes not the very best,
And our serves and volleys and our drop shots
Often do not pass the test.

Our boating often disappoints us,
There are days without a single bite,
And so many well accomplished sailors
Dream of big fish caught all night.

Yet in spite of all those many problems
We don't quit the game at any price,
Since we know that in the end the truth is
That we live in paradise.

Chorus / Refrain:

Therefore friends honor our mantra
And stick to it with resolve:
Here is to Friendship
Here is to Good Life
Here is to Living in Admirals Cove (repeat)

The song was not a success. It was performed once by Donna Schmidt and her Singers at a dinner dance. But, I forgot that Americans do not want to sing. (In Germany, when three people or more are together and they have a couple of drinks, they will start singing.)

For the summer period, Jill and I also made a housing change. We intentionally kept our Darien house as a rental investment. Our Darien Real Estate broker, Ingrid Hess, helps us to keep this house rented and maintained in proper shape. See Ingrid Hess' birthday letter[10]. In this context, also see letter of Paul Vodola[11], who takes care of the day to day maintenance of the Darien property.

In 2002 we bought a house in a wonderful gated mountain community at 5,000 feet altitude in Linville, North Carolina. The altitude assures a cool climate between the low sixties and the high seventies in the summer. The club's name is Linville Ridge Country Club, and it is the highest golf course east of the Mississippi. (www.linvilleridge.com)

Jill and I showed good instincts when we bought and redecorated that house. Jill found a broker from nearby Blowing Rock on the internet. After we bought the house, we needed a contractor/builder to turn the house into what we wanted and a decorator to give it what Jill called a *mountain contemporary* look. On the day we met the broker, we bought the house, hired his friend as the contractor, and the contractor's wife as the interior decorator. All these people were perfect strangers to us, but they all worked out well.

Max Sporn and his artist painter wife Joan helped us a lot with our first steps in that new club. Joan painted a beautiful still life as per our instructions, which can be seen as part of the letter from Max. (See birthday letter from Max Sporn.[12])

The house is medium sized and is in an outstanding location. The sun sets behind our house over a few mountain ridges. Also, the fourth hole of the golf course is immediately behind our house and, because it is a dogleg, Jill can watch the play on this par 4 hole from tee-box to putting green in great detail with her binoculars.

View of 4th hole from sun room in our house at Linville Ridge

Here again we are well entrenched. Jill won the ladies Club Championship seven times, including in 2018. She is also a member of the club's Advisory Board. In the past I was a member of the club's Golf Committee and its Treasurer.

A couple of years after we had joined I chaired, together with Bill Holland, the club's premier annual golf tournament, the Mountain Classic. (See birthday letter from Bill Holland.[13])

HR in 2014 July 4th celebration at Linville Ridge Club

Jill's Birthdays

Jill was born on February 14, Valentine's Day. As I am always on the lookout to provide joy and happiness for her, I use that special day to provide surprise and pleasure.

A traditional way for husbands and lovers to show appreciation and love is to give jewelry to their sweethearts. This alternative was not available to me because Jill told me many years ago that she does not want any more jewelry. Yes, you read that right: Jill does not want any more jewelry.

As a result I began to focus on birthday cards. Already in mid-January I look for the cards that are difficult to find. Those include cards that combine wishes for Valentine's Day and Birthday from husband. Also, when I find well-worded cards, I will buy more than one in each category.

Birthday a la Carnival in Sao Paulo, Brazil

On one of her birthdays in the early 1990s we had planned to spend a long weekend at the Sonesta Beach Hotel in Key Biscayne just outside of Miami. I had a meeting at that hotel anyway and invited Jill to come there from New York.

However, that was not to be. There was a crisis at Citibank Sao Paulo in Brazil and my boss asked me to fly down there and investigate the mess. This destroyed the plans Jill and I had for the weekend.

I solved the problem by inviting Jill to come with me to Sao Paulo. My friend Regina was at that time the secretary of our Country Head in Brazil. I asked her to book us into a nice suite at the Hilton Hotel in Sao Paulo and decorate the room with a Valentine Day motif. Regina did not understand. Finally I told her to decorate the room as if it was Carnival. This is something all Brazilians understand. See the description of our participation in the Brazilian Carnival later in the book.

Jill's birthday a la carnival
at the Hilton Hotel in Sao Paulo, Brazil 1992

The "Happy Birthday" Golf Cart

Since we took up golf in 1991 we usually play with other couples on Sundays. Since that time it happened twice that Jill's birthday fell on a Sunday. I used this opportunity to decorate our golf cart with balloons, flowers, and banners expressing my love and wishes for her birthday.

The first time this happened was in Fort Lauderdale when we were members of the Coral Ridge Country Club. I went to our local flower store and asked them to decorate a golf cart at the club. When we arrived that Sunday morning for play she was really very surprised and happy. However, the other men hated me because their wives asked, "What are you doing for me . . .?"

The next time Valentine's Day fell on a Sunday was in 2010. At that time we lived in Admirals Cove and had our own golf cart parked in the garage of our house. This was tricky. Again I hired our florist, gave him the security code for the garage door, and asked for the decorating to be done on Saturday evening after 8:00 p.m. while we were watching TV in the house. The next morning there was what we call a major "Oh my God!!"

Decorated golf cart, 2010

50th Birthday Surprise Party

For Jill's 50th birthday, I planned a major party at our Club. It was to be a surprise for her because she never wants any special party. There were about 40 invited guests largely drawn from friends with whom she played Mahjong and golf. I told the banquet manager of the club that I wanted something really special. The party began in the upper bar. While that party was in full swing, Jill and I arrived and the surprise was perfect. Jill was upset because she was not dressed in any special way and had not done her hair. The party in the upper bar was so awesome that Jill thought that was the entire event.

She was surprised one more time when we moved into the Admirals Room for a delicious sit-down dinner. The final surprise was the appearance of a top band with four musicians and a singer. The party was a great success and the Club did a great job.

During the dinner I delivered the speech below:

> Dear Friends and Dear Jill,
>
> First I would like to thank all of you for coming and also for keeping this surprise-party a secret. I can assure you that Jill had no idea. Special thanks to Susan, who together with Amy and Barbara did most of the planning and footwork for this party.
>
> We are here together to celebrate Jill's 50th birthday. As you know, her birthday is not today. Her birthday is really the day after tomorrow, on Valentine's Day, which is the day of love and friendship.
>
> I believe it is not a coincidence that Jill was born on such a day of love and friendship. A lovely girl like Jill had to be born on Valentine's Day. Ever since we started dating some 23 years ago, we signed all letters and notes to each other YBFAL, which stands for 'Your Best Friend and Lover!'
>
> Love and Friendship are very important. The psychologist Maslow observed in his well-known "Hierarchy of Needs" that after eating, drinking and safety what people need most is 'Love and Belonging'. Never mind how successful we are,

without love and belonging we will not be happy. And Frank Sinatra says it even more simply with his song "You are nobody 'til somebody loves you!"

At the end of my first dinner with Jill in 1983, 23 years ago, I told her "I think that we have a lot to give to each other." And a few weeks later one of her friends told me, "Heinz, hold on to her. She is a treasure." All of these predictions became true.

My Baby, you are a treasure! I want to thank you for everything you are giving to me and everything you are doing for me.

We all love you, and I want to be Your Best Friend and Lover for the rest of my life.

60th Birthday Disco Party

The time came when Jill turned 60. This time the party was not a surprise. Together we planned a disco party at the club with the focus on dancing. The four Ds for that evening in this sequence were Dancing, Desert, Drinking and Dining.

Again it was a great success. To be sure that the focus was truly on Desert, the club had arranged an entire separate 'Chocolate Room,' which Jill personally opened about one hour into the party. It was a huge success.

I used the occasion and my speech to thank Jill for everything she is doing for me. Here it is:

My friends,

Please allow me just a moment to say "Thank You."

I thank all our friends from Admirals Cove Club for coming to celebrate Jill's party. I also thank Jill's aunts Barbara and Linda, as well as Jill's sister Niki and her husband Doug Marr, for coming all the way from Boston.

Next I am grateful to Jill's mother Phyllis Novak, also from Boston. Over the years I have thanked my mother-in-law many times for having created and brought up this wonderful girl Jill, whom we all love so much. I always tell her "Without you, Ma, there would be no Jill!"

My next multiple Thank Yous go to our star of the evening, my wife Jill. When we got married over 31 years ago, Jill gave me stability and structure, which I had lost a little during the preceding years.

Jill also took charge of my children and grandchildren. *She became at that time, and still is very much today, the glue of my family that holds us all together.* When there is any problem in my family or on her side of the family, Jill is usually the go-to person who provides counsel, help, and peace.

Jill did all of this while pursuing a successful professional career in trading complex financial derivative instruments, working as a Director at Chemical Bank and later at Barclays Bank.

These financial trading skills, combined with her natural intelligence, smartness and instincts, made her a priceless adviser in <u>my</u> various post-Citibank activities during the last 20 years. As a result, Jill understands perfectly all the things I do.

In addition to being the glue of my family and my trusted adviser, Jill handles everything, and I mean truly everything, around our house:

- she cooks delicious and healthy food, usually vegetarian
- she also keeps the books of our consulting company and
- she helps me coping with the ever-changing technology of phones, computers, and TV.

Jill, I thank you for all those things: glue of the family, trusted adviser and manager of all things around our house.

But most important I thank you for your love and being my 'best friend and lover.'

My baby, I am proud of you, I thank you and I love you.

For my family and me you are truly a blessing from heaven, a 'Besherte'.

And now tonight, you do not have to organize or manage anything anymore. You do not have to worry about a thing! All you have to do now together with all of us is have fun and dance, dance, dance . . .

DJ begins Abba's 'Dancing Queen' music, in the middle of the song with: "You can dance, you can jive, having the time of your life / See that girl, watch that scene, digging the Dancing Queen . . ." I dance with Jill.

My three children with spouses and grandchildren visited again last year for the week after Easter. This included Tuesday, March 29, the halfway point between Jill's and my birthdays. On that day we were combined 140 years of age.

We had a wonderful dinner party on the terrace of our club's restaurant in the Golf Village overlooking the golf course. There were toasts and well wishes and at the end my son Heinz gave an emotional speech (See speech in the appendix.[14])

Dompteur des Risikos (Tamer of Risk)
Interview with Major German Newspaper at Age 65

Interview with Welt am Sonntag when I turned 65 in May, 2001

During my frequent visits with my mother in Germany I had noticed that the Sunday edition of the leading German newspaper Die Welt often interviewed leaders of industry and Finance when they celebrated milestone-type birthdays.

I thought that I would qualify as a person to be interviewed. I explained to Journalist Waltraud Kaserer that I had been a co-founder of Citibank in Germany. I also mentioned my value-at-risk system, which allowed finance managers to estimate the amount of money that could possibly be lost on a given financial risk position. Months passed, but there was no invitation for an interview.

Then the terrorist attacks on the New York World Trade Center and the Pentagon occurred on September 11, 2001 causing large movements and changes in the values of foreign currencies and equities. Apparently Mrs.

Kaserer remembered our telephone conversation several months earlier and she invited me to come to Hamburg to talk.

The interview was published October 7, 2001, and appeared in the Newspaper as shown above. The original German text is in the appendix.[15] Here is the translation into English.

WELT AM SONNTAG, 07.10.01

TAMER OF RISK

Heinz Riehl has made it from a baker's son in Mühlheim-Ruhr to Manager at Citibank in New York. He has designed sophisticated risk management concepts.

From Waltraud Kaserer

Risk has been his passion for decades. “Risk is there. You just have to know how big it is and then you can get it under control”, says Heinz Riehl, as he explains how at the end of the ‘80s he developed for Citibank in New York a system for controlling the price risk of stock exchange transactions and the value-at-risk concept (VAR) for measuring the size of risk positions. VAR is used to calculate the risk of open positions and the potential for losses in foreign exchange, money market, and securities trading by banks – an issue that is particularly relevant after the attacks on the World Trade Center and the Pentagon. And he calculates that the VAR concept has passed the “trial by fire” on 11 September.

The 65-year-old German talks so much that not only the soup, but also the main course is cold. The necktie with colorful printed tickets and pieces of paper on which the orders are passed on to the stock market slipped sometimes to the left and sometimes to the right. The eyes sparkle. He explained and explained, as if he had an MBA student in front of him. He wants to describe price risks and counterparty risks with every detail. Riehl has experience in lectures and seminars. He regularly teaches MBA courses at INSEAD in Fontainebleau, France.

The VAR approach in many variations is used around the world. Traders must consider their VAR on a daily basis when they engage in proprietary trading on their own account, i.e. when they assume risk in interest rates, bonds and equities, as well as in derivative products such as futures and options. The risk officers in banks calculate the limit up to which those traders can do business.

Riehl cannot stop: "Another great advantage of the VAR system is that you can relate the assumed risks to the resulting trading profits; in other words, you can do a risk versus return analysis." As a result, the banks know every day exactly which types of business are attractive and which ones are not. You would not continue to do a business that has high risk and small returns.

Now let's look at Riehl's past: ambition, intelligence and coincidences have determined his professional life. "I almost never worked in my life; it has almost always been fun." He was supposed to take over the bakery of his father in Mühlheim-Ruhr. "Beginning at the age of ten, I had to get up at four o'clock in the morning and help bake rolls and then retail-distribute them to our customers with my bike." It finally became clear at age 15 that he did not want to lead this life. He began an apprenticeship in his hometown at Bankhaus Hugo Stinnes.

After that he trained first in Paris and then in New York. Finally, in 1960, Citibank brought him to Frankfurt when it opened its German branch. A decade later, Riehl went to Citibank's headquarters in New York and then to Hong Kong and Manila in the Philippines. There he held courses for MBA students on foreign exchange and money market trading as early as the 1970s. "This subject of foreign exchange was suddenly important because after the collapse of the Bretton Woods system people had to cope with the sharp fluctuations of the previously almighty dollar. Everybody had to learn to understand the foreign exchange business."

Riehl still teaches foreign exchange seminars for the "banking institutions" of the Asian central banks. In addition, he frequently flies to Singapore to serve as a sworn Expert Witness at the Supreme Court of Singapore. He then provides his opinion in litigation between banks and their retail and corporate customers. "The value of the dispute is often well over 100 million dollars. And it is not always the material value of the dispute. Instead it is often the pride of a given party, to prove that they are right after all", says Riehl of the strange motivations of the litigants. Riehl even testified at the International Court of The Hague. At that time his client was the New York Federal Reserve Bank. "Once you have a reputation to defend certain positions well, then you will be called again and reinvited", he says, while his dessert melts.

Riehl also endowed a Chair for a Professor at New York University and a Scholarship for a student at Iona College in New York. Those endowments are eternally funded by the Heinz Riehl Foundation.

Since his retirement from Citibank in 1995 Riehl spends most of his time with his second wife Jill on the U.S. East Coast; in summer in Connecticut and in winter in Florida. The children from his first marriage have long been away from home. He has three grandsons.

Riehl comes regularly to Germany. He is a member of the Advisory Board of HypoVereinsbank in Munich. He also regularly visits his 93-year-old mother in Mülheim-Ruhr. "I call her every day. It does not matter where I am", he expresses his attachment to his mother. He has never taught or given seminars in Germany, and comments on this with a laugh: "The prophet is not appreciated in his own country."

HR in 2001 at age 65

Turning 70 in 2006

Reaching the age of 70 was indeed a milestone. Somehow it felt different from previous milestones like 50, 60, or 65. I cannot put it into words, but it was different. I know all the talk about being as old as you feel, etc. I resisted putting negative thoughts in my head. In the end one is forced to just go on.

Heinz at 70

70th Birthday Letters from Friends Initiated by Jill

Jill initiated and provided the most unique fantastic gift for me. Unbeknown to me, months before my May 11 birthday, she contacted friends from different areas in my life. She encouraged them to send thoughts and memories of their relationship with me to our daughter Janine to keep it a surprise for me.

Janine used her considerable skill in putting together a scrapbook type collection, but was overwhelmed when it turned out that there were over 120 letters from 18 different countries to deal with. In any case, it was the most fantastic surprise for me, and I wish to thank both Janine and Jill for the idea and effort.

In the end I used the help of Barbara Robinson and Candy Nesse to put together a very professional book. My contacts at McGraw-Hill were good enough to induce them to get the cover designed and the book printed on an unofficial moonlighting basis. In addition, Barbara Robinson created an electronic version of that book, which is absolutely fabulous.

The birthday letters of people I came across in writing these memoires are shown at the end of this book in the appendix.

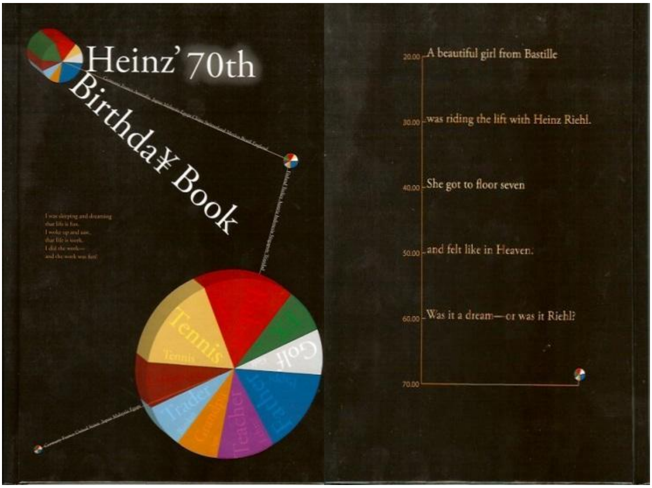


Photo of front and back cover of my 70th birthday book

Biannual Family Reunions at Our House in Jupiter, Florida

Following my 70th birthday, I began to invite my family every other year to Jupiter for a family reunion. Dictated by the school vacation schedule of Janine's children Riley, Cole, and Dylan, we always use their Easter vacation to spend one week together. Heinz comes from Germany with his life partner Regina and their children, twin boys Alexander and Nicolai, and Ralf comes with wife Arisleyda from Connecticut. Including Jill and myself we are, so far, 13 people.

The idea is for everybody to spend time together, as a group, in small groups and one on one. To promote this idea there is not much structuring of the available time. It is mostly free flow.

The only standard activities are a canoe trip and the famous seafood buffet of our Admirals Cove Club.

Ralf and Riley at seafood buffet, 2007

HR with Arisleyda and Ralf at Rowayton Seafood 2012

Family in 2015

Celebrating Christmas 2015 with son Heinz and grandchildren Alexander and Nicolai

Easter 2018 family reunion
Back row from left: Alexander, Riley, Heinz jr., Regina, Janine, David, Ralf, NIcolai
Front row from left: Dylan, Jill, Heinz, Cole
Missing in photo is Ralf's wife Arisleyda

HR with grandchildren
Behind me from left: Alexander, Riley and Nicolai
Next to me on my right Dylan and Cole on my left

Vintage Saxophone Gifted to Grandson Riley in 2018

Riley was born in 2001 and is 17 years old this year (2018). Last year he was admitted to the prestigious South Carolina Governor's School of the Arts and Humanities (SCGSAH) in Greenville, SC where music is an extremely important subject.

Riley loves to play the Saxophone, and a couple of years ago we bought a new Cannonball Alto Saxophone for him. During our Easter 2018 family reunion Riley impressed all of us, including our neighbor and friend Ernie Groom, with his performance on the saxophone.

Ernie had been a professional musician and saxophone player in the 1970s before he got married and pursued other commercial interests with his wife Kathy Fiore. A few years ago Ernie unfortunately developed some arthritis in his hands and fingers, which forced him to stop playing his beloved instrument.

To reward Riley for his exceptional efforts, Jill and I decided to give Riley a Tenor Saxophone as a complement to his Alto Saxophone. The alto sax is a little smaller, and its notes are higher and brighter than those of the tenor sax. The sound of a tenor sax is a bit lower than the alto sax, almost sexy. Having both an alto and a tenor saxophone allows choosing the appropriate instrument for a specific piece of music.

Riley and Ernie had developed a friendship gravitating around their love for saxophones, and Riley visited with Ernie to show him the progress he made last year. At that time Ernie also heard that Riley was about to buy a Tenor Saxophone, and that at that particular moment very few such instruments were available in our area.

As a follow up to Riley's visit Ernie wrote the complimentary email below

> *Hi Jill*
> *Wow, I'm impressed. Riley is doing great and he's a young gentleman. You should all be proud.*
> *My best advice to him was to not buy a tenor sax tomorrow if he's not happy with what he tries. There are plenty of saxes out there and plenty of time to get one.*
> *I really enjoyed spending time with him.*
> *EG*

A few hours later he decided to gift his almost fifty-year old tenor sax to Riley. Ernie felt that his saxophone should not be played and owned by just anyone, and he thought that Riley was worthy to be the future owner and active user of his fantastic vintage Selmer Mark VI Tenor saxophone.

Ernie Groom giving his Saxophone to Riley LePere

Ernie bought this instrument in early 1970 in New York City.
He had his beloved baby regularly maintained by the famous sax repair man, Emilio Lyons, who worked at the Rayburn Musical Instrument Store in Boston. The meticulous work of Emilio earned him the moniker 'Sax Doctor' and a lifetime achievement award from DownBeat Magazine.

American-assembled Mark VI's like this one are identified by a floral or scroll engraving that does not extend to the bow. The individual parts of this sax were manufactured in the late 1960s by the French company Henri Selmer in Paris. Those parts were exported un-engraved and un-assembled to the USA. In 1969 these parts were used by Selmer USA to build Riley's instrument with the serial number 166.531.

Engravings on Riley's Selmer Mark VI Saxophone

Selmer produced the Mark VI saxophones from 1954 to 1981, which makes Riley's instrument a vintage saxophone.

Riley and I took the instrument to the Sam Ash Music Store in Pompano Beach, Florida, where 74-year-old vintage saxophone repair man Alexander Kolpakchi spent almost an entire day working on this sax. He restored sound and playability of this **vintage** beauty back to its original glory. He did not re-lacquer the instrument to preserve its natural beauty. Instead he only focused on restoring its playability and sound.

We also bought a new mouthpiece and reed for this now 'better than new' sax. Riley just loved it and was in seventh heaven. He deserved it!!

Riley with the restored Saxophone in the Sam Ash Music Store

Jill and I feel deeply grateful to our long-time friend Ernie for having gifted this wonderful saxophone to our grandson Riley.

Riley's first gig with his new sax

My Mother, Rosemarie

Mutti was married to Dr. Gerd Moeller for over 25 years, longer than to my father Wilhelm Riehl. Gerd died in1983, when he was 85 years old. My mother, born in 1908, was 75 at that time. Just on the same day when I went to Germany for the first time with Jill to introduce her to my mother and Gerd, he suffered a heart attack and died. Gerd and Jill never met.

Mother in 1977, age 69

When my mother realized that I would marry an American woman she decided to learn English well enough so that she could communicate with Jill. She responded to an advertisement of the Kings School of English in Bournemouth, in the South of England, and applied to be a student there for two months.

Learning English at Age 76 as a Student in England

Mutti was 76 years old when she filled in the application for the school in hand writing. The way Germans write the number 7 it appears similar to the international way of writing the number 1. As the school is mostly attended by teenagers and a few middle age people who want to improve their English, the school admissions staff read mother's age of 76 as 16. They wrote back demanding Mutti's parents' agreement for spending time alone away from home in England. They never had a student that old before, but they accepted her.

The special style of that school is that they place students with an English family, and not in a hotel. That way the student wakes up in the morning and immediately speaks English to the family at the breakfast table. Mutti quickly made friends and learned enough English to give an eloquent speech when Jill and I got married a few months later.

Her knowledge of English also came in handy when she traveled with me for many years on many occasions. The countries and cities she visited and hotels she stayed in with me repeatedly include:

- Athens, Greece, Astir Palace Hotel
- Brussels, Belgium
- Geneva, Switzerland, Beau Rivage Hotel
- Singapore, Shangri-La Hotel
- Helsinki, Finland, Inter-Continental Hotel
- Vienna, Austria, Sacher Hotel
- Fontainebleau, outside Paris, France, Aigle Noir hotel
- Le Mirador at le Mont-Pèlerin above Vevey, Switzerland

She quickly became known to the organizers of my programs. Some of my students introduced her to their parents, and often she was entertained by those people including being invited to their homes.

My programs were often given in the hotel Mutti and I stayed in. Therefore, it was easy for her to just walk into my conference room and listen to my lectures. She did not understand the technical content, but she still enjoyed taking in the ambience of the event.

In the late 1980s Citibank hired Dr. Ulrich Wiechman, past chairman of the doctoral program at Harvard Business School. At that time, Ulrich had his own consulting firm. He was hired by Citibank to teach 36 one-week seminars over a three-year period, each month to be held on a different continent. I was the only Citibanker whom Ulrich had selected to teach half a day in that one-week program. The rest of the week was covered by other consultants and Ulrich himself.

Once, the European session was scheduled to be held at the hotel Mirador at le Mont-Pèlerin above Vevey, an extremely fancy hotel located high on a mountain above Lake Geneva near the town of Montreux. Ulrich's life partner and assistant Francine Loup gave me permission to bring my mother to the event. I asked that my room have two beds rather than a king bed, because I thought that both mother and I would be more comfortable with separate beds. To my surprise Francine had arranged for mother to stay in a super suite all by herself, with a great view over

Montreux and Lake Geneva. I only had a standard room, but that was okay with me. We did this several times at this fancy place and mother always had a great time.

Obviously Mutti also visited Jill and me in New York, usually twice a year. During the week she stayed with us in our Sutton Place apartment on 57th Street which is very centrally located. She quickly learned how the streets in Manhattan are organized and the role of Fifth Avenue dividing the Island into East side and West side. This enabled her to roam around alone in midtown Manhattan from Bloomingdales to the Trump Plaza. Remember, at that time she was 80 plus years old. I tried to keep my calendar open for lunch while she was visiting so that I could lunch with her in my favorite places. The head waiters in those restaurants knew her and gave her special attention whenever she arrived for lunch before I did.

In this context, I have to praise Jill who got along well with Mutti and never complained about the frequency of her visits.

My mother and Jill
Two most important women in my life 1988

One year in the late 1980s, mother visited us for Christmas and New Year's. I had gotten tickets for a spectacular show on New Year's Eve at the Radio City Music Hall right at Times Square. I had arranged for a limo to pick us up around 10:30 to take us back to our apartment across town, about three miles away. However, because of the New Year's Eve celebration in Times Square with the ball dropping, the limo could not get to us. The simple solution: offer a hundred dollar bill to a perfect stranger who took as to our apartment with his car.

During the last several years of her life mother needed a wheel chair. The German social service sent different ladies in the morning to take mother out of bed and in the evening to take her back to bed.

I told mother to identify one of those ladies with whom she would be comfortable to spend the entire day and help her in every way needed. Mother identified Frau Krahl and I made Frau Krahl an offer she could not refuse. The social service continued the morning and evening service, and Frau Krahl was there from 8:30 a.m. to 5:00 p.m. to cook, clean and, most importantly, to entertain my mother. The two became very good friends and even went on vacation to Westerland at the German North Sea coast several times together.

Mutti (age 91) with Frau Krahl

My Speech at Mother's 80th Birthday

Last but not least, I want to mention mother's 80th birthday party. I had selected the Restaurant 'Dicken am Damm' just outside Mülheim, located right at the Ruhr river. Mother had invited around 60 of her friends from various walks of life. I decided to give a speech summarizing her life. In preparing for that speech I collected facts and special situations throughout her life and, when I was finished collecting, I had material for about a 75-minutes speech. Obviously that was too long and I trimmed it down to 22 minutes. I divided the speech into mother's childhood and young years in Opa Koellers pub, her years and first marriage with my father Wilhelm, her years in her second marriage when she became Frau Dr. Moeller, and her current life from 1983 to 1988.

Once the speech was finalized I learned it perfectly by heart. The next step was to learn to deliver it in such a way that listeners had the impression that I was speaking extemporaneously. It worked very well, and mother was impressed with the content and delivery of my speech.

I also hired a band for the event. Sitting in New York I did not really know how to make the proper selection. I telephoned the West Deutsche Rundfunk (WDR) or West German Radio Station and asked whether they could recommend any of their bands.

It turned out that this radio station had just requested bands in Germany to submit applications to be selected as one of the top bands to play on that radio station. I guess one could have called that what in business today is a 'Request for Proposal' or RFP.

The station had just selected the winner, but had not advised applicants yet or responded to them in any way. So the lady at the radio station gave me the name and contact of the runner up who was located in Düsseldorf, only 25 miles away from Mülheim.

I telephoned the band leader. To get his attention I mentioned that I had gotten his name from the radio station. That combined with my introduction that I was calling from New York simply drove the guy nuts. He assumed that he had won the contest and that people in New York were already after him.

Anyway, once he calmed down, overcame his disappointment, and understood that I wanted him to play only at my mother's birthday party he agreed and did a good job.

I delivered the speech, which gave a review of mother's life, on June 19, 1988, at Restaurant 'Dicken am Damm' in Mülheim-Ruhr, Germany, at my Mother's 80th birthday party. Of course, I delivered it in German but you can read the English translation in the appendix. [17]

At the end of my speech I had arranged for the band to play a very old, but still very popular German hit, and mother and I danced to it:

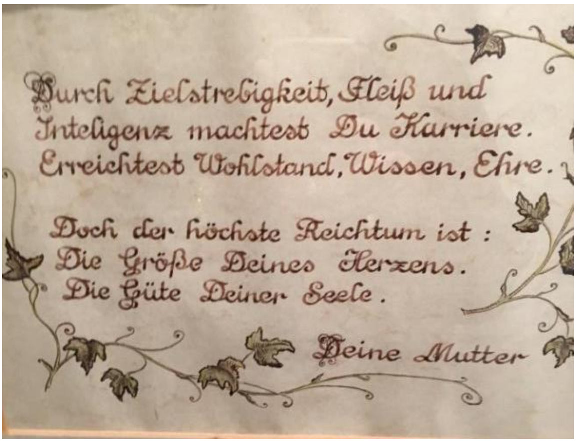
Das gibt's nur einmal
Das kommt nie wieder,
Das ist zu schön um wahr zu sein
Das kann das Leben
Nur einmal geben,
Denn jedes Leben hat nur einen Mai

That exists only one time
That will never come again,
That is too beautiful to be true
Life can give this only one time
Because each life has only one May

HR with mother at mother's 80th birthday party

1948 **1951**

Mother and me



Durch Zielstrebigkeit, Fleiß und
Inteligenz machtest Du Karriere.
Erreichtest Wohlstand, Wissen, Ehre.

Doch der höchste Reichtum ist:
Die Größe Deines Herzens.
Die Güte Deiner Seele.

Deine Mutter

Artistic note from my mother for my 60th birthday in 1996

On Sepember 27, 2004, mother died at age 96, peacefully in her sleep. She never had any pain or special diseases. She died simply of old age.

ANY MAN WHO LOVES HIS MOTHER.

Any man who loves his mother
is man enough for me.
Brightening her hours,
sending her flowers,
though it's no anniversary.

Many men want fame and fortune;
It's gold they love to see.
But I say a man who loves his mother
is man enough for me.

Many men love dogs and kittens
and pet them constantly.
Show me a man who loves his mother
as much as she wants to be,
and I'll show you a man
who's a lot like me.

ROSEMARIE MÖLLER feierte ihren 85. Geburtstag im Kreise ihrer Familie. Das ist gar nicht so selbstverständlich. Lebt und arbeitet doch ihr Sohn **HEINZ RIEHL** (rechts im Bild) seit 23 Jahren in New York. Ehrensache, daß er für Mutters runden Geburtstag über den großen Teich gejettet kam. Obwohl ihr Sohn schon so lange den USA verbunden ist, legt Rosemarie Möller großen Wert darauf, daß ihr Sprößling die deutsche Staatsangehörigkeit behält. Links im Bild: Enkel Heinz Riehl mit Rosemarie Möllers Urenkelkindern Alexander und Nicolai.

Samstag, 19. Juni 1993 WAZ

June 19, 1993 clipping from local German newspaper
showing four generations:
Mother at 85, son Heinz and me with 1-year-old Alexander and Nicolai

Receiving an Honorary Doctoral Degree in 1999

I said earlier that one of my motivations to accomplish certain goals was my own drive for excellence. In addition, there also was the desire to please my mother and make her happy. Playing my cards so that I became a candidate for an honorary Doctoral Degree was something that I wanted for my mother. She lived in Germany, and in Germany a doctoral title is still actively used, even when it is honorary.

My friend and accountant Alex Salomon was connected to Iona College and its President Father Ligueri. Iona is an academic organization in the tradition of the Christian Brothers and American Catholic higher education, located just outside New York City in New Rochelle.

I met with Father Ligueri in 1998 and thought that he was impressed with my background. In addition to endowing scholarships for two students, I gave some guest lectures to their MBA class and offered to introduce, at my expense, my Manila-invented financial trading simulation, the Bourse Game (See page 256). That offering would add intellectual value to the program as well as some dollars to the bottom line in the form of executive program fees. Father Ligueri understood that, but there were too many internal politics and the Bourse Game never got off the ground.

Anyway, May 15, 1999, was my big day. I was awarded my honorary Doctoral Degree of Humane Letters and I was very proud of it. I still have my cap and gown in my closet and many photos walking with Iona faculty on campus.

m 15. Mai erhielt Heinz Riehl die Ehrendoktorwürde der New Yorker Iona-Universität verliehen. A
r Seite von zwei Vize-Präsidenten der Uni schreitet der Mülheimer über den Campus.

Von der Backstube in die New Yorker Chefetage

Die unglaubliche Traumkarriere des Heinz Riehl

Doctoral degree ceremony

Willi Rueter had covered my tennis activities in my earlier life. He also saw to it that the German papers were aware when I received my honorary degree. See clipping above.

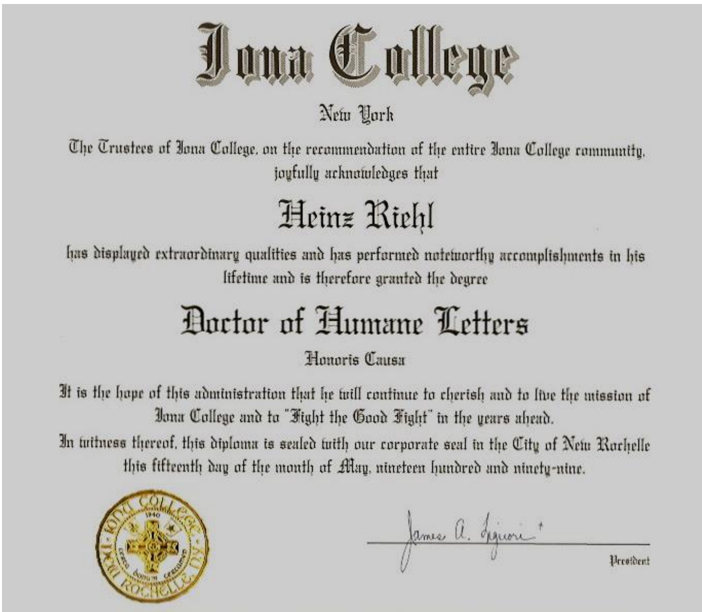
During the actual ceremony at Iona College the following text was read:

> In the powerful reshaping of global financial markets that has occurred during these last decades of our century, Heinz Riehl emerged as a leader and grew into a legend. In a distinguished 35-year career with Citibank, his remarkable foresight and keen analytical skills not only set the pace for international investment on an unprecedented scale, but also established the standard for prudent and responsible risk-taking. In his equally extraordinary role as a world-renowned financial and economic advisor, his highly respected judgment has helped guide Central Banks in Asia and Latin America through prosperous, as well as precarious,

times. And in perhaps his favorite pursuit, he is greatly in demand as a gifted teacher, conducting executive seminars from Harvard to Hong Kong, while writing textbooks that are used here at Iona and around the world to teach students the basics of business.

Born in Germany, where his career with Citibank began, Mr. Riehl moved in time to New York, and he rose within the Corporation to the position of Senior Vice President. Becoming the philosophical architect of market risk-management for Citibank, he co-founded its Market Risk Policy Committee and shared this expertise from 1980 to 1995 as a member of the Foreign Exchange Committee of the New York Federal Reserve Bank. At Citibank, he also initiated many other activities, products and businesses, including his pioneering introduction of volatility-based limit systems for price risk and credit risk in financial trading. Since 1982, he has taught international business and finance at New York University, where he established a Professorial Chair in Finance, and currently serves as board member of two international banks and monetary funds.

For developing tools to measure and manage global financial growth that help stabilize our integrated world economy; for using his expertise not simply in the service of one corporation or even one country but rather, through the classroom, to reach and inspire the next generation of business leaders; and for demonstrating, with his record of accomplishment, that the forces of the market place can be harnessed to support even our loftiest goals, Iona College confers on **HEINZ RIEHL** the degree of Doctor of Humane Letters, **honoris causa**.



Iona College

New York

The Trustees of Iona College, on the recommendation of the entire Iona College community, joyfully acknowledges that

Heinz Riehl

has displayed extraordinary qualities and has performed noteworthy accomplishments in his lifetime and is therefore granted the degree

Doctor of Humane Letters

Honoris Causa

It is the hope of this administration that he will continue to cherish and to live the mission of Iona College and to "Fight the Good Fight" in the years ahead.

In witness thereof, this diploma is sealed with our corporate seal in the City of New Rochelle this fifteenth day of the month of May, nineteen hundred and ninety-nine.

James A. Liguori

President

Doctoral Diploma

Carnival's Activities in Rio de Janeiro (1993) and Trinidad (1994)

Carni-val means 'flesh bye bye,' i.e. good bye flesh. Jesus Christ fasted 40 days in the desert before his crucifixion and resurrection, which Christians commemorate on Easter. They do some kind of fasting or abstaining during that same period, beginning on Ash Wednesday. Some do more, some do less, and some don't abstain at all.

However, the entertainment industry worldwide, particularly the breweries, convinced people to really live it up before this period of fasting or other forms of abstaining begins. These festivities preceding Ash Wednesday differ geographically around the world. Generally, the partying reaches a peak on what is called Rose Monday, two days prior to Ash Wednesday.

In addition to some cities in Germany (like Cologne, Düsseldorf, and Mainz), Carnival is very much celebrated and crazy in Rio and Venice.

Jill and I participated actively in Rio de Janeiro. Participating can mean different things to different people. Usually it means going to a Churascaria to eat a lot of meat, drink wine and Caipirinhas, go to parties, and dance with people.

There is also official dancing going on in the streets of Brazil's main cities. The most formal dancing is done in Rio in the form of a competition between different samba schools. In Rio there are 23 Escolas de Samba (Samba schools) competing for first, second and third place every year. The members of each one of those 23 schools dance for about 60 minutes along the *Samba Dromo*. This process takes two long nights.

The Sambadrome, Marquês de Sapucaí, is the home of the Rio Carnival Sambadrome Parades. The Sambadrome, or Sambódromo in Portuguese, is a purpose-specific stadium constructed specially to host the annual parade of samba schools each year during the festival of Carnival in Rio de Janeiro, Brazil.

The Rio de Janeiro Sambadrome is comprised of free-standing individual structures for spectator viewing, called sectors (also called 'camarottas,' serving schools as classrooms during the year), which sit on both sides of a long alleyway down which the Samba Schools parade.

A few days before the big event, the Carnival runway is painted white in preparation for hosting a dazzling spectacle of rhythm and dancing as the members of Rio de Janeiro's most elite Samba Schools strut their stuff down the 13 meter (15 yards) wide and 700 meter long (almost half mile) stretch of the Passarela Professor Ribeiro Darcy.

At the end of the parade route is a complex called Praça da Apoteose, or Apotheosis Square, which is made up of a set of bleachers that create a square where parade participants can celebrate, gather, and take off their magnificent costumes as their school's procession comes to a close.

In the early 1990s (I was still at Citibank in charge of South America including Brazil), I scheduled a trip to Rio just around the peak of Carnival. My Treasurer, Alvaro, knew that Jill and I wanted to celebrate Carnival, which means go to some balls and also watch the parade at the Sambadrome.

Little did I know that Alvaro had arranged for Jill and me to actually dance in the parade and be part of the dancing in the *Escola Isabelle*, one of Rio's top samba schools.

Here is how it works. Shortly after carnival, around April or May, the different schools decide on a theme for next year's parade. In our case, the Escola Isabelle had picked as their theme, 'If we had owned the earth.' In other words, what would we have done if we had been in charge right from the beginning? Each school has about 1,500 dancers in the parade. The theme is expressed through songs, dances, and different costumes.

The members of the school meet throughout the year every week to practice. When a member does not show up, they have to pay a financial penalty. In order to beef up their budget, schools allow about 50 tourists, like Jill and me, to participate in the parade. Even though the 50 'guests' are untrained, they cannot do too much damage given that they are only 50 out of 1,500 dancers.

Of course, Jill and I had never participated in the weekly training so that somebody had to pay the penalties for some 50 weeks of absentees. When I wanted to reimburse Alvaro for that expense, he told me that he did not have to pay anything. He told the organizers of the school that I was a German from Germany, one of the centers of Carnival in the world, and that I would be willing to give interviews to leading social magazines. In those interviews I would very likely praise the quality of the Brazilian

Carnival and, in particular, the Escola Isabelle. In exchange for those interviews, Jill and I got a free pass to participate and dance in the parade.

The theme 'If We Had Owned the Earth' required them to show the history of Brazil, which included the time when the Catholic Church came to Brazil. This had to be shown through dancing.

The school decided that some 50 cardinals would symbolize the arriving of the church. My Jewish wife Jill and I danced as Cardinals, which was a very comfortable costume. There was just a free flowing colorful long dress, (we had nothing underneath because it was about 90 degrees) one of those high hats with a cross on it (miter) on our heads, and a large wooden cross dangling around our necks.

Before we danced each one of us were given a couple of 'Caipirinhas', Brazil's national cocktail, made with cachaça, (hard liquor), sugar and lime.

The music was very loud. Jill and I danced as if we were in a disco. I sang German carnival songs. The biggest challenge was to keep our arms up for 60 minutes. There were handlers all along the 700 meters, and as soon as my hands came down, they would gesture to me to put them back up again. The dances and parades of each of the 23 schools are independently evaluated by judges. There were separate judges for:

- the theme, in our case 'If We Had Owned the Earth'
- the lyrics of songs
- the music for all those songs
- the choreography of the dancing
- the dresses, clothing, color themes

The individual scores of those five judges for the five different disciplines were collected and totaled to arrive at an overall score for each school. The first three schools were recognized and celebrated. The competition is intense, and followed by the Brazilian people, almost like Brazilian soccer.

We won third prize! Our school, the Escola Isabelle, came in third.

The whole thing is covered live on Brazilian TV. Some of my Brazilian traders claim to have seen me on TV. They did not know Jill. But they said they had seen me. We had so much fun.

I think this was really special. Every year millions of people go to Brazil for the Carnival where they have celebrations and see parades in many different cities. Many will watch the parades in the sambadromos or equivalents. But very few will actually dance in the parades, and even fewer will be decorated with winning third prize.

In the early 1990s I was still responsible for Citibank's Treasury business in South America, which included Trinidad & Tobago in the West Indies just off the coast of Venezuela. Its capital, Port of Spain, hosts a boisterous carnival featuring calypso and soca music. Here again I arranged a trip just around carnival time to review Citibank's treasury business there.

Jill was with me and we danced as part of the Citibank staff team.
We had our own truck with bar and music as well as shadow providing shade. We had a ball.



Jill and Heinz dancing around the 'Savannah' at carnival in Port of Spain, Trinidad

Playing Golf at Augusta National Golf Club

(Reference from page 175)
Augusta National Golf Club, located in Augusta, Georgia, is one of the most famous golf clubs in the world. It is virtually impossible to get on that course to play a round of golf. One cannot just call and ask for a tee time. Also, never mind how well one knows a member of that club, one cannot just ask that member for an invitation. If a person does that, the member can never ever for the rest of his life invite that person to the club. In summary, this is the most difficult club in the world to play golf and, as result of this exclusivity, every golfer's dream is to play at Augusta.

Founded by Bobby Jones and Clifford Roberts on the site of the former Fruitland Nursery, the course was designed by Bobby Jones and Alister MacKenzie and opened for play in January, 1933. Since 1934, it has played host to the annual Masters Tournament, one of the four major championships in professional golf, and the only major played each year at the same course. It was the number one ranked course in *Golf Digest's* 2009 list of America's 100 greatest courses, and is currently the number ten ranked course on *Golfweek Magazine's* 2011 list of best classic courses in the United States, in terms of course architecture.

Every year our Linville Ridge Club in North Carolina organizes the Mountain Classic, a three day member/guest tournament. There is a practice round on Thursday, and tournament play on Friday and Saturday, with a fancy cocktail party and gala dinner dance on Saturday evening.

Our longtime friend and neighbor in Linville Ridge, Bob Moser, had signed up for this tournament in 2007. I had learned that his guest, Bill Townsend, is a member of Augusta National Golf Club. Townsend's father had been a co-founder of the Club in 1933.

I was looking for a special present for Jill for our anniversary and thought that playing golf at Augusta would really make her happy. So I decided to get Bill Townsend to invite us to play at that famous Club. However, you remember, I could not just ask for that. Instead I relied on my power of mental persuasion.

At the Saturday evening cocktail, I immediately went to Townsend and introduced myself as a member of Linville Ridge and started talking to him. Other members came and went away again, the way it happens at cocktail parties. I stayed and talked, and while I talked, I always said to myself with the other side of my brain "You will invite me to play at your club. You will invite me to play at your club. You will invite me to play at your club."

He asked questions about my background, and I gladly told him about being born in Germany, my father's bakery, the fire bombs in our house, my childhood, my career at Citibank without having gone to college etc. I also slipped in that Jill and I were married almost 25 years, that she was a great golfer and that I was looking for a special gift for her.

The time came when the maître d' called people from the terrace to come in and sit down. My friend Bob Moser came over to us and collected his guest Townsend to escort him into the dining room. At that point Bill Townsend said to me: "By the way Heinz, I happen to be a member of Augusta. It would be my pleasure to invite you and your wife for a round of golf at my Club. You, Bob, can come too, which makes a nice foursome. And you, Heinz, may present that to your wife as a gift at your wedding anniversary."

Bob Moser sensed the enormity of what had just happened. He said to his friend Bill Townsend: "Do you know what you just did?" "Yes, I know, I invited Heinz and his wife to Augusta." And that was it – an example of the power of positive thinking and mental persuasion.

A few months later the day came when we were scheduled to play at 9:30 in the morning at Augusta Golf Club. Jill and I had booked a nearby hotel, but before checking in I wanted to find the exact location of the club so that there was no problem the following morning.

For years we had watched the famous annual Masters tournament on TV and how excited all the carefully selected participants were to be driving down Magnolia Lane to the club. As we approached the town of Augusta, we put Magnolia Lane into the car's GPS system and followed the directions of the car. We were surprised that the car took us into a very run down, almost dangerous neighborhood, where we finally found a dirt road named Magnolia Lane. It turned out that the Magnolia Lane we were looking for is on the private property of Augusta Golf Club and, therefore, not part of the public navigation system. We had a good laugh.

The next day on the golf course we came to the 4th hole, a nice par 3. There is a bunker protecting the right side of the green. On that day the flag was on the right side, i.e. behind the bunker. When it was Jill's turn to hit her tee shot, she hit it beautifully high, landing on the left side of the hole. She wanted to avoid the bunker in case her shot was short. But it was not short. It landed on the left side and stayed up on the green.

Member and host Bill Townsend complimented her and said, "Good shot." Then he continued and said: If you had balls, you would have gone to the right side directly for the flag." And then he looked at her and added with a smile: "But you don't have any balls!" And again we had a good laugh.

The entire experience was fantastic, and we will not forget it. (See birthday letter from Bob Moser. [18])

From left: Bob Moser, member Bill Townsend, HR and Jill In background Augusta 4th elevated par 3 hole with bunker on right side

Townsend, Moser and HR on Hogan Bridge
in front of famous 12th par 3 hole

Charity Golf Tournament for Jupiter Medical Center

Jupiter Medical Center is a hospital just three miles away from our house in Admirals Cove. We support that hospital at the Chairman's Club level. This fits into my philosophy of giving as described earlier in this book. It also assures the best possible service, whenever we need it.

As such Jill and I play in the hospital's annual charity golf tournament, where participants/donors like Jill and I are paired with celebrities. I was friendly with the head of the Foundation and arranged to get a list of participating celebrities ahead of the official pairing party. (This practice was discontinued years ago.)

Playing With Celtics Basketball Star, John "Hondo" Havlicek

Jill noticed that John Havlicek was on the list of celebrities. Jill went ballistic. John Havlicek is the Boston Celtics' all-time leading basketball scorer with 26,395 points. Seconds before the end of Game 7 of the 1965 Eastern Conference Finals he stole the ball and won the game for the Celtics. Of course we were paired with John, had photos taken, and heard the description of those decisive moments in 1965. Jill, and even more Jill's mother, enjoyed the photos.

John Havlicek and Jill at the 2010
Jupiter Medical Center Foundation golf outing

In another year Jill and I were paired with Wayne Player. Wayne is the son of Gary Player. Gary Player, known as 'The Black Knight,' is the World's Most Traveled Athlete, nine-time Major and Grand Slam winner, and designer of over 300 golf courses worldwide. Wayne took me twice to attend the Masters Golf Tournament giving me “the green jacket” treatment. I went once for the Wednesday – Friday period and another year for the Saturday – Sunday period. As such, we got to know Wayne’s family including famous father Gary.

Jill and I were invited to father Gary’s house on Jupiter Island for a small dinner, only a total of eight people, and got to know Gary quite well. He always leans on me to lose weight; otherwise, he always tells me, I will die early and my beautiful young wife Jill will spend all my money with another young man. Jill played nine holes of golf with Gary Player in 2012 at the Bear’s Club in Jupiter. It was quite an experience for her that not many people get to enjoy.

30th Wedding Anniversary

Jill and I celebrated our 30th wedding anniversary at the end of 2014. I wanted to give Jill something special and figured if it is golf related I can't be wrong.

The Ladies Professional Golf Association (LPGA) has its final tournament each year in Naples, Florida, at the Tiburon Golf Club at the Ritz Carlton Hotel. The event is a big tournament by itself but, more importantly, it is the CME Group Tour Championship and brings to an end 'The Race to the CME Globe'.

Jill in the LPGA Pro-Am CME Tour Championship, Naples

Our neighbors in Linville Ridge are Roberta and Andy Bowman, and Roberta is on the Board of the LPGA. I arranged through Roberta that Jill could play with a LPGA member and participate in the event's Pro/Am. She played with Lee-Anne Pace from South Africa in the practice round immediately preceding the tournament. In addition to Jill there were three more 'guests' and one of them was Roberta herself. I was also included as Jill's caddy, which meant that I drove her golf cart and could always be very near her.

The tournament organizers also view this round of golf as a practice round for their organizational purposes, i.e. that the score boards and all the helpers etc. work perfectly and are electronically connected.

As a result, the top three teams were always visible on the large electronic leader boards on the golf course. As our team was doing so well, we started to see it on the leader board. As we continued to birdie holes we climbed the leader board. The caddy always knew where we stood and what we needed to do to win.

Jill won the closest to the pin contest on one of the two par three holes. Best of all, her team, led by Lee-Anne, came in third, and the first three teams were recognized with a wonderful trophy. I was very proud of her, and I think I did alright with my anniversary present.

On the evening of the Pro/Am there was also a red carpet reception and dinner attended by all the LPGA superstars, i.e. the best lady-golfers in the world. Our friend Roberta had arranged that we could attend that event. It was very special not only to see all these famous young ladies, but also to be able to just walk up to any of them and chat.

Jill left, Roberta Bowman center and Lee-Anne Pace second from right

Death of Eddie Reichers, My Major Mentor in Citibank

When my friend and major mentor Eddie Reichers died in the late 1990s I went to upstate New York to view him lying in state, paying my last respects and praying for him.

I also saw his wife Charlotte again. She told me that Eddie had written his own obituary, but that she could not get the New York Times to print it. At that time my friend and ex-chairman of Citibank Walter Wriston was already retired. I also was retired from Citibank, but I knew that Wriston still had an office and secretary in the Citibank building at 399 Park Avenue in New York.

I just dialed the general phone number of Citibank New York that I will never forget (212-559-1000) and asked the operator for Walter Wriston. Three seconds later Walter answered the phone. I told him that Eddie had died and that his wife could not get the New York Times to print his self-written obituary. Walter gave me his fax number and asked that Eddie's wife fax the obituary to him at once. Two days later Eddie's obituary appeared very prominently and in full length in the New York Times. Eddie deserved that, and I am very happy that I was able to play a role in making that happen.

Lucky Number Eight

During my time as Regional Treasurer for Asia from1976 to 1980, I asked Tan Koay Lye, my Treasurer in Kuala Lumpur, Malaysia to take me to a sophisticated palm reader. This was not just one of those people one sees at weddings, etc. reading the palm in a couple of minutes. Instead, this was an old Indian guy with limited English residing outside Kuala Lumpur in Genting Highlands, which is located within the Titiwangsa Mountains on the border between the states of Pahang and Selangor of Malaysia.

He took coal-based imprints of both my hands, measured several distances within my hand from one point to another, and also considered the date and exact time of my birth. In other words, he appeared quite serious and professional. He asked me to take a walk or otherwise wait two hours and come back.

He had handwritten two pages of his findings about me. It impressed me that he knew a couple of things about my past that very few people knew at the time. In other words, I don't think that my trader who took me there told him anything about me. But even if that trader had told him something, there was no way that my trader could have known the things about my past that this old guy told me.

Understandably, that made me listen very closely to what he had to say and had written down about my future. Among other things, he told me that my lucky number was the number 8. I knew already that number 8 is considered a very lucky number in the Chinese world. But this gentleman told me that 8 meant particular luck for me.

Well, nearby to this fellow's house is the one famous casino for Kuala Lumpur. Even though it was early afternoon, my trader suggested that we go in there to have an experience. I don't gamble in casinos because I feel that I gambled all my life with Citibank money. As I just wanted to watch, I did not even change cash into chips. But when I saw the ball rolling at the roulette table, I could not resist. I gave the croupier a fifty Ringgit note (about US$ 15) and told him to put it on number 8. The ball rolled and rolled and landed on 8. I collected about $ 525 (35 times 15), left a generous tip, and walked out. The croupier yelled: "Mister, mister do not walk away, today is your lucky day." But I left.

A couple of years later, I went to see the old Indian fellow again. I do not think he recognized me and even if he did, I don't think he kept records of his customers or could have remembered. He just was not sophisticated enough. He collected all the same information from me, and came up with the same results.

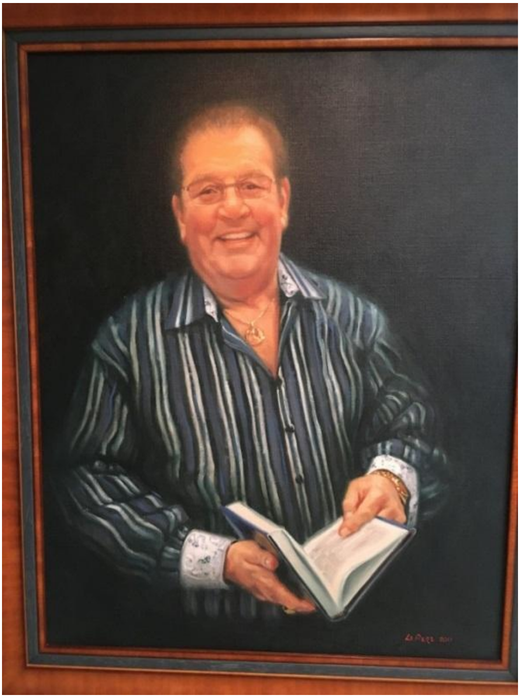
It turned out that number 8 was indeed my lucky number in many ways.

Number 8 is the number for Citibank in the New York clearing. My personal account number at Citibank adds up to 8. What I mean by that is that a number added up and reduced to a single number is 8, like 3 5 7 4 3 9 4 is a total of 35 which adds up to 8.

My birthday is May 11, 1936 or 5 11 1936 or a total of 35, adding up to 8.

Many other key dates and addresses add up to 8 like that. I could go on forever with examples of how 8 is my lucky number – and we are not superstitious, or are we?

Finally, at both visits the Indian guy wrote that "I am in my last life, and as a result am very lucky!"



HR portrait by Ann LePere, 2011

Holy Spirit Lutheran Church in Juno Beach, Florida

In October 2013, I began to play golf with the nine holers at Admirals Cove and made the acquaintance of fellow member Bill Schneider. It turned out that Bill and his wife Nancy live just across the water from our house. Somehow during golf the conversation flowed towards churches in the area. Bill mentioned that he and his wife were about to become members of the Holy Spirit Lutheran Church in nearby Juno Beach. They have their first service on Sundays from 8 to 9 o'clock, so that one can be on the golf course for a 10 o'clock tee time, if necessary.

Most importantly, however, Bill talked in the most complimentary words about Pastor Frank Wagner. When I met Frank and saw him in action in Church I decided to become a member. And soon thereafter also joined the finance committee of that church.

Frank was born in Germany and came as a young boy to the USA. His first career was to manage a restaurant for 15 years. Then he felt the calling and became a Pastor. He and his Swiss wife Martina both speak German.

Pastor Frank's Exceptional Sermon Before Christmas, 2016

Pastor Frank is simply fantastic. He is so good in every way that he could be a modern day Jesus right here on earth. The only thing he doesn't do is perform miracles. I am not joking, I am very serious here. Pastor Frank is indescribable, amazing, and fantastic! The sermon Pastor Frank delivered at Christmas time on 12/23/2016 was exceptional. In it Pastor Frank describes his own physical and emotional suffering earlier in his life. He also describes how his "trust in the love of God that comes through Christ Jesus" healed him and can heal any kind of your pains.[18a]

During the first couple of weeks in the New Year Jill and I hosted a dinner at our house for Pastor and his wife and the Schneiders, who introduced us to him and his church. We did that every year since 2014, and I hope that we can continue this tradition in the future.

On December 1, 2014, the evening before I had my left knee replaced, I went to see Pastor Frank and we prayed together for a long time. My surgery went about as well as it could. In spite of my age, 78 at that time, I never had any pain, never used any pain killers, and my rehab was easy, painless, and without any issues. I believe that God heard our prayers and helped me.

Because of Pastor Frank and his Church, I feel that my life is enriched and I am not afraid of the future.

Meeting U.S. Representative Virginia Vox from North Carolina

In September 2015, I accepted an invitation from my friend Rick Jones of the Linville Ridge Club to come to a fund raiser event to meet Ms. Virginia Foxx, the U.S. Representative for North Carolina's 5th congressional district. Her district encompasses much of the northwestern portion of the state and a portion of Winston-Salem. This includes Linville.

Possible Introduction of German Apprenticeship System in US

When Rick introduced me to the Congresswoman, he encouraged me to ask her questions. I brought up my favorite topic of introducing the

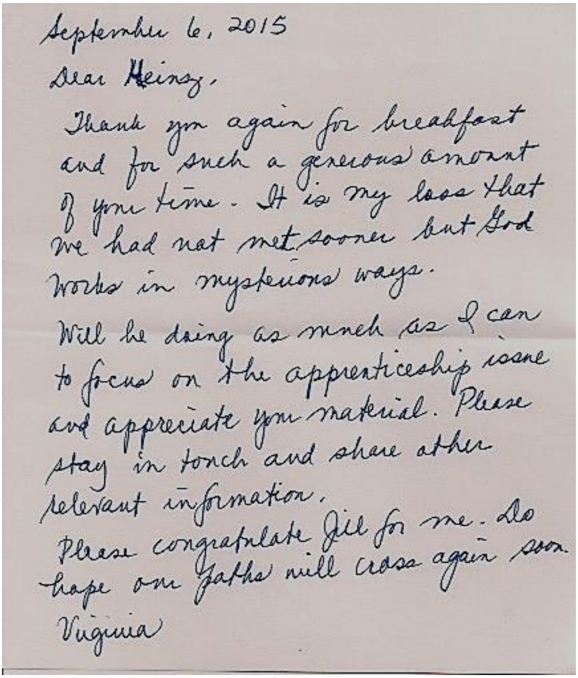
German style apprenticeship system to the United States. It turned out that Virginia is Vice Chair of the Education Committee and likely to become Chair in November 2016. She was somewhat familiar with the apprenticeship system, wanted to learn more about it, and to push for its implementation in the USA. At her request we had a 2 ½ hour breakfast at our Linville Ridge Club just a couple of days later, which went very well.

Below are an e-mail and thank you notes from her.

> From: Virginia Foxx virginiafoxx@skybest.com
> Subject: Thank you for a wonderful meeting and breakfast
> Date: September 4, 2015 at 12:16 PM
> To: Heinz@RiehlWorld.CH
> Cc: Aaron Whitener aaronmwhitener@hotmail.com,
> evan@virginiafoxx.com
>
> You provided me with some important insights this morning. You are a wonderful role model and teacher. I have already called the Secretary of Labor but he is out of the country; expect him to call me back on Sunday.
>
> Please share any information you have with Evan or Aaron Whitener and they will get to me until we get the computer glitch worked out. My official email address is virginiafoxxmc@mail.house.gov.
>
> Hope that Jill continues her winning streak and that she did well today.
>
> Do take care and stay in touch.
>
> Virginia
> Congresswoman Virginia Foxx

My e-mail address at that time had a Swiss domain as indicated by 'ch' at the end. Therefore Virginia cannot receive e-mails from me. All foreign addresses are blocked. That is the computer glitch she is referring to.

Below is a note I received from Virginia following our breakfast together.



September 6, 2015

Dear Heinz,

Thank you again for breakfast and for such a generous amount of your time. It is my loss that we had not met sooner but God works in mysterious ways.

Will be doing as much as I can to focus on the apprenticeship issue and appreciate your material. Please stay in touch and share other relevant information.

Please congratulate Jill for me. Do hope our paths will cross again soon.

Virginia

Jill is smart

It is often said that people should try to marry partners who are at least as smart as they are themselves.

When I look back at the 34 years I have spent with Jill I can say that I was fortunate in having found such a smart wife.

I would like to praise Jill's intelligence in the following ways:

- She always understands completely what I am talking about and what I am trying to explain. This applies also to all my professional activities including global seminars on Financial Risk Management, serving globally as expert witness in disputes about financial trading and investing, as well as my role as a Director/Trustee of Investment and Hedge Funds.

Likewise, when she talks to me or explains something to me, she always does it in such a way that I completely understand what she is trying to say.

- She often has a different way of looking at things, a different way of understanding or interpreting a situation. I always find it very helpful to be made aware of such different viewpoints.

  This does not mean that I will always follow her way of thinking. Sometimes I will still proceed as I originally intended. However, it does often mean that I am prepared to take more risk than Jill thinks is prudent; but I will proceed with even more care than I would otherwise have exercised.

- Jill has many skills which I do not have at all or skills that I have to a lesser extent. I am referring to her skills in technology when it comes to computers and phones. Also, her social skills are far more developed than mine; and I rely heavily on her when interacting with friends and family.

Founding Riehl World Training & Consulting, Inc. in 1996

At the time of retirement, Jill and I decided to form a company, a legal entity, out of which we would conduct our consulting and other business activities. It was Jill's idea to call it *Riehl World Training and Consulting, Inc.* 'Riehl World' is an intended play with words because my style of teaching and explaining is not theoretical cloud nine type stuff. It is down to earth, close to the real world, hence *Riehl World*.

Jill manages the financial books of *Riehl World Training & Consulting* as well as our personal financial accounts. (I only make the asset allocations and buy/sell decisions.) She makes all payments and reconciles all receipts. She manages our personal and corporate taxes. She is a trained accountant. All of this is very comforting for me. Having stated the above, I would like to modestly say that there are some areas in which my skills are slightly more developed than hers.

Jill is Chairman and I am President. Many times over the last 21 years I have asked for a 'consultation with the Chairman'. And I am serious about it. Jill is different in her risk-taking approach. She is more conservative. In a controlled way, I am more prepared to take on risk, without being cowboy-like and wild. That makes us a good team. It is as true today as when we first met: "We have a lot to give to each other." For the first couple of years afte we retired in 1996 we traveled globally together and took longer trips, because we were together and it was fun.

Later, after Jill had been to most places several times, she did not come along that much anymore. She is not a shopper, she had played all the top golf courses in the different countries we visited, and knew the hotels and restaurants I usually would use. Our experiences together were extensive, including playing night-golf under electric lights in Malaysia at the Kuala Lumpur Country Club etc.

Grand summary: Jill and I have a lot to give to each other, something that I had realized already at the end of our first dinner in March of 1983.

Letter to Son Ralf in Montana

In 2002, Ralf spent a sabbatical type year in Montana to reflect on his next career move. I visited him for several days and have very good memories of our time together.

HR and Ralf in Montana 2002

That summer of 2002 Ralf worked as a tour guide driving the famous Red Buses up the mountain "Going To The Sun" in Glacier National Park.
He posted the photo below on Face Book May 4, 2017 with the following text: "Enjoying a great memory of driving my dad on a tour of the *Going*

To The Sun Road in Glacier National Park in this restored 1930's Red Bus. Sooo Grateful my Pappi made the trip to Montana to share this with me."

The photo shows his bus with me in the front seat and his tour clients behind me. It also shows the spectacular scenery with snow-capped mountains on the horizon.

At some later time, I wrote the following letter to Ralf.

Dear Ralf:

Janine and Riley arrived a couple of days ago with toys and books. Yesterday I took one of the newer books and started reading it to Riley. Of course, at less than two years of age he does not understand, but Janine told me that he enjoys listening to the reading and loves to look at the colorful pictures.

However, I understood what I was reading and quickly discovered that the attached book from Dr. Seuss "Oh, the Places You'll go!" also contained good advice for adults.

The book shows that a young person has his entire life ahead of him and is free to do whatever he wishes. There are of course many different directions to go, some lead to good areas and some to bad. Sometimes you will be down, but mostly you will be up.

I decided to send you this book because it is so rare that a person your age has this enormous freedom to choose what to do with his life. Usually only people who just leave school have this freedom. You are different in that you have already had success and accomplished a lot in your life.

Please take the time to read the book carefully cover to cover and also look at the pictures. I say to you just as the book says towards the end "You will succeed" and "Kid, you'll move mountains!"

I love you!
Your Pappi

Heinz Jr. Elected One of Germany's Top 100 Opticians and Audiologists in 2018

(Reference from page 329)
My son Heinz was recently elected once again as one of Germany's top 100 opticians and audiologists. In January, 2018, I attended a session at the InterContinental Hotel in Düsseldorf in which he was honored for this achievement. It was a great evening. The famous German TV personality Markus Lanz conducted the ceremony and handed certificates to the winners. Heinz will display these certificates as part of his overall advertising in his various stores. His customers will view this as additional assurance that his team, including sons Alexander and Nicolai and life-partner Regina Schaefer, provide not only high quality products but also professional and courteous service.

As I watched the ceremony I had warm feelings around my heart and I was proud of Heinz. The photos below commemorate this event.

Heinz Jr. with life partner Regina Schaefer **Heinz Jr. and his team**

Personal Philosophies by Which I Have Lived My Life

Note to Grandson Riley on His 13th Birthday

My note to Riley on the occasion of his 13th birthday in 2014 also *sums up my own thoughts about how I have lived my life so far and the philosophies that will carry me on for as long as I live.*

The thoughts below are not only for Riley, but for all my children, grandchildren and loved ones.

Dear Riley:

I love you and I am very proud of you. You are a smart young man.

As your father takes you on a special trip to celebrate your 13th birthday, I want to share with you some of my life experiences, which may be useful to you. Here are some of those guideposts:

<u>Honesty</u>
Below is a poem from my mother's elementary school reading book. (100 years ago) She made me read it and learn it by heart, and I basically lived my life that way.

Good Advice

First of all, my child: be faithful and true.
Never allow a lie to dishonor your mouth.
From the beginning of time
The highest value among all people
Was always to be faithful and true.

You are still young,
It is not yet so hard.
But a boy becomes a man;
A fledgling bends, but the tree no longer does.

Say 'yes' or 'no' and don't twist your words around.
Whatever you say – keep it brief and simple.
What you vowed, be your highest duty;
Let your word be holy, therefore do not waste it.

With great ease the lie sneaks up to your heart –
First a dwarf; a giant later.
However, your conscience shows the enemy to you,
And a voice inside you screams, “Be thou awake!”

Then be alert and fight. There is an enemy ready:
The Lie in you, it threatens you!
My dear child, always fight courageously for the truth!
You my child, be brave, faithful and true!

Translated from German by Heinz Riehl

The power of positive thinking makes a big difference in life. Dream big dreams. If you can dream it, you can believe it, and if you can believe it, you can do it. If you really believe – you can do anything!

The above is proven reality: in the bible, in day-to-day life, and in sports.

Vince Lombardi, the famous football coach said: The difference between a successful person and others is not a lack of strength or a lack of knowledge, but rather a lack of faith and will.

<u>Drive for excellence</u>
Be a leader! In school, sports, business, church, etc. Maintain a vision of excellence in whatever you do.

- Academically
  The objective is to be in the top 10% in your class.

- Professionally
  Find a field that you really love, a field that is almost a hobby, an activity that the world is willing to pay you for, and an activity that makes some kind of contribution to mankind. Then dive into this, and try to become world class in it. You will make money, have fun, and you will never “work” in your life.

- Sports
  Pursue a team sport as a child or young teenager. This will provide a sense of team spirit and playing/working with others. Later, as a teenager, pursue a singles lifetime sport like tennis, riding, sailing, golf, swimming, running, etc. Single sports nurse a sense of competition. It teaches you, that only you are responsible for yourself.

Be balanced in your pursuits and focus on:

<u>Family</u>
The fifth commandment says:
"Honor your father and mother, and you will do well on earth and have a long life."
Father, mother, grandparents, brothers and their children make up your Family. Family is important. Family cannot do wrong. Friends come and go, but your family will always be there.

<u>Beautiful things in life</u>
Read and understand some good literature, history, and poems. They are entertaining and educational, teaching you lessons. Learn foreign languages. It helps understanding foreign countries and their people. Further develop a love for music. Sing while you play a song. Enjoy nature and admire everything in it, both animals and plants.

<u>Be spiritual</u>
Believe in God, which will give you the balance between body, soul and mind.

<u>Material things in life</u>
Some people say that money is not important. However, you need some money to be financially independent and support yourself. Later you will need money to get married and assure that your children and family can live a comfortable life.

Never mind how little income you have, always save some money and give some money to charity. "If you continually give, you will continually have." Always have a budget, and stick to it. Do not spend more money than you earn. Be careful in dealing with other people. It is a dangerous world out there. Always apply the 'reasonableness test,' i.e. ask yourself, "Do things make any sense?"

Be creative and have an open mind for new things:

- If not now – when?
- If not us – who?
- Ask not "why", instead ask "why not."
- Never ask, "*Can* I do this?" instead ask "*How* will I do this?"
- Do not easily accept 'No' for an answer.

Be open to change

. . . . and the day will come
when the desire
to remain the same
is more painful
than the risk to evolve

(from caterpillar to butterfly).

The Future is great, and only you decide
where you will go and which role you play in that Future:

You have brains in your head.
You have feet in your shoes.
You can steer yourself
any direction you choose.
Dr. Seuss
(1904 – 1991)

Have a good trip,

Your loving Opa

July 5, 2014

Proverbs

I have always liked proverbs and sayings, and know many of them by heart. Some twelve years ago I decided to collect my favorite ones, have them written in calligraphy and framed so that they can hang on the wall.

Some of those proverbs are from the bible, poets and my mother. Some originate with me. Here are some examples. The rest are in the appendix.[19]

Life can be only understood backwards, but it must be lived forwards.

Understanding is better than remembering.

God remind us that we must die, and that our days are numbered so that we gain a heart of wisdom.

Happiness is not a state to arrive at but rather a manner of traveling.

I was sleeping and dreaming that life is fun.
I woke up and saw that life is work.
I did the work – and the work was fun.

Time without change produces only age.

A ship is safe in harbor, but that is not what ships are for.

Love does not consist of gazing at each other, but of looking outward together in the same direction.

Every obstacle is a potential opportunity.

Regretful about the past and anxious about the future, we do not take enough time to enjoy the fullness of each moment.

May you live as long as you want, but more important, may you want as long as you live.

What good does it do man if he would gain the world and he would hurt his soul?

A friend is one who has seen me at my worst – and still loves me.

Setting / Achieving Personal Goals

(Reference from page 19)
The life dream and hobby of my father was photography. However, because he was the youngest child and the only one left in the house when his parents died, he took over the bakery.

Many people pursue professions practiced by their father, mother or close relative. One could say that they almost 'stumble' into their professions or types of work with which they make a living.

I believe these life decisions can be made in a better way. After all, as I pointed out many times in this book including in my mother's poem on the back cover, life is work and work is supposed to be fun!!

Businesses are managed by objective. Each company has goals and takes actions to achieve those goals. Why not live our lives like that?
As this book is written mainly for family, children and grandchildren, I want to suggest the following 'process,' which can be applied at any stage in life, irrespective of age.

1. Ask yourself what type of work or profession you would like, and the role you expect 'Work' to play in your life.

This may be difficult, but it is important. Do not stumble into something that you do not like, just because it happens to be available and because it puts every week some money into your hand. The bible says in Romans 12:6: *In his grace, god has given us different gifts for doing certain things well.* Do not accept any job just because it conveniently comes along. Try as hard as you can to find a job that is just right for you, that you truly enjoy, and where you can apply any special God given skills and talents you might have. View your life as a movie, and remember that you can go to one movie only. Therefore inform yourself as much as possible about that movie before you decide which movie to see. Yes, it is possible to change half way through the movie, but that is not ideal. Therefore, take your time, seek advice, and try to get it right the first time around.

As you think about different answers to the above, consider these important questions:

- What do I want from life?
- What does my company want from me, irrespective of whether I am employed or own the company?
- How do I combine and balance the answers to these two questions?

2. What level of seniority, complexity and responsibility do you want to assume in your chosen work or profession?

* low, medium and high levels of *seniority,*

* little, average or high level of *complexity* and

* low, medium or high level of *responsibility* .

In each of the above three categories aim for the level that will best fulfill your lifestyle needs. Make sure it is consistent with the intended role of "Work" in your life (30 or 50 hours per week). Also assure that you have the skills and knowledge required for the chosen job. After you have chosen a specific field of work or profession, check the labor or jobs market and find out what level of pay/salary is currently offered in your chosen field and for the chosen respective levels of seniority, complexity and responsibility.

3. What lifestyle or standard of living do you wish to have?

The answers to this question should include a targeted time for achieving your goal as well as a detailed description of the desired comfort-level of that life.

Necessities of life:

- housing
- food
- transportation (public or own automobile)

- communication & electronics (type of phone, computer, TV etc.)
- medical, insurance
- saving for short term and long term needs

Desirable things in life:

- education, entertainment, interfacing with friends & family, gifts to family / friends
- vacation, travel
- membership in clubs, social and sports and exercise
- charity

4. What is the annual cost of the desired life style?

Once you have the annual cost, break it down into cost per month, week and day, as applicable. For example, consider the cost of annual insurance or daily Starbucks coffee. For the entire process, use today's dollars to avoid estimating inflation etc.

Realize that you and only <u>you must pay</u> for all of the above. No regular monthly cash from parents, other family, friends or government.

5. Will the type of work you choose allow you to live the lifestyle to which you aspire?

Compare the cost of your desired life style as determined under the fourth point above, with the pay/salary you may expect in your chosen field of work and level of seniority, complexity and responsibility.

Remember that the amount of money you receive for your work depends on the time and effort you put into it. Here is a simple example assuming that you work only 50 weeks per year:

- Work 60 hours a week @ $ 20 per hour and earn 1,200 per week or 60,000 per year, or 5,000 per month.
- Alternatively, work 30 hours a week @ $ 40 per hour and earn 1,200 per week or 60,000 per year, or 5,000 per month.

Conclude from the above that you can make the same amount of money by either working <u>more hours</u> for <u>less pay</u> per hour or working <u>fewer hours</u> for <u>more pay</u> per hour.

Realize that the pay per hour depends on your knowledge and skill level. The more knowledgeable and skilled you are the higher your pay and vice versa.

6. Identify the required number and level of those skills and compare them with your skills.

Your chosen level of seniority, complexity and responsibility in a given field requires a certain set of skills. If there are gaps between your skills and those needed to get the job that pays enough to pay for your chosen life style, you need to:

- either improve your skills,
- work longer hours,
- or lower your expectation of the chosen lifestyle.

7. Your most important assets in all areas of life are honesty and integrity.

Do not even think about obtaining money in any way that is dishonest or illegal. See my mother's poems 'Good Advice' (page 53) and 'The Treasure Digger' (page 94). Maintain your integrity and deal fairly with others so that you can earn their respect and continue to respect yourself.

Master of the Art of Living

Since I retired from Citibank, people often have asked me "Are you still working?" I hate that question, because I am not 'working'. In fact, I almost never did in my life. I am having fun! One of my analogies is this:

> On a Sunday morning in the peak of summer you see two people playing singles tennis. It is hot, around mid-eighties. Assume that you know nothing about tennis; in fact you never have seen tennis in your life.
>
> You watch these two people, who are obviously suffering. They exclaim sounds of suffering. One of them must have fallen down. His knees are bleeding a little; his pants are colored from the red ash/clay. You are likely to think: "I wonder what these people have done wrong that they are forced to do this morning what they are doing there."
>
> Little do you know that they are having fun. In fact they might be paying $ 100 for the privilege of playing on this wonderful tennis court at this preferred time on a Sunday morning.

That is me. It looks as if I am working. But I am not. I am having fun.

I refer to my mother's poem on the back cover of this book and wish to enhance it here with what I sometimes tell as a joke. The following story is actually not funny but quite serious. Here we go:

> A man dies and arrives up there (use your finger to point up into the air). He finds himself in a beautiful area with palatial housing, mountains, lakes and beautiful fields, trees and flowers. An elegantly dressed gentleman welcomes him and says: "I am your personal butler. If you want anything at all, and I really mean anything, just call me and it will be provided immediately. Any food or drink, alcoholic or otherwise, any drug, boys, girls … whatever you want . . . just call me and I will get it for you at once."
>
> For a few months the man has a great time. Then some morning after breakfast he calls the butler and asks whether there is anything for him to do. The butler does not understand. It goes back and forth a few times. Finally the butler says: "Do you mean you want to do some work?"
>
> "Yes, yes, says the man, that is exactly what I would like to do."
>
> "Oh", says the butler, "I am very sorry, but that is the only thing which I cannot give you."
>
> The man has not heard the word 'No' for a while and gets upset. He says to the butler, "How can you say, "No, you have no work for me. What kind of a place is this? I may just as well be in hell!"
>
> "Oh", says the butler with a smile, "where do you think you are?"

Here it is more eloquently put:

A master in the art of living draws <u>no distinction between</u>

- work and play,
- labor and leisure,
- mind and body,
- education and recreation.

A master hardly knows which is which!! He simply maintains a vision of excellence in whatever the pursuit, leaving others to determine whether it is work or play.

A master experiences both the work and the play as present in each moment.

LIFE IS WORK

Statue 'Leben ist Arbeit' (Life is work)

Passage from the 90th Psalm: Our lives are 70 years, and for reasons of strength they may be 80 years; and if they were precious, they were a lot of labor and sorrow.

Circular Communication

At almost all times in my life I had to communicate with people and made arrangements as to:

- whether at all
- at what time
- and where something could be done or would happen.

The challenges included:

- different continents, countries and time zones
- people with different languages and cultures
- appointments for important meetings, dinners, drinks and golf games.

In all those situations it always frustated me when people would not respond at all or responded late to messages sent by me and (probably) received by them.

Combined with a commitment to punctuality, I found life so much easier when one applies what I call "circular communication" as described below.

Technology like email, cell phones and social media as well as texting, Facebook, Twitter etc have substantially improved our *ability* to communicate with each other. The problem is that many people do not take advantage and actually *use* this improved ability to communicate.

Example: On Monday Bill sends a message to Peter proposing dinner on Friday. Peter does not respond. Two days later on Wednesday Bill follows up on his proposal for Friday dinner. There are two possible responses from Peter:

First: "Sorry I never got your message, but Friday dinner is OK."

Second: "Yes, I got your message, but I will not know until tomorrow (Thursday), if I will be able to make it."

Both types of responses are not helpful to Bill.

I strongly recommend for people to use what I call "circular communication", which means for Peter to respond immediately and say either, "Yes, Friday dinner is Ok", or "Sorry, Friday does not work for me."

When both friends practice circular communication and Bill does not have any response from Peter within a few hours, Bill will know that Peter did not get the message and will resend his proposal for Friday dinner.
If Bill and Peter practice circular communication, Peter will immediately respond saying, "Thank you for your proposal for Friday dinner. However, I will not know until Thursday whether I can make it." Bill will respond

and say, "Thank you for your prompt response. I will wait for your answer on Thursday." Peter will respond and just say, "Ok."

In the above situation both friends know exactly where they stand.

On Thursday Peter will send a message to Bill and say, "Re Friday dinner. I can make it and look forward to it. When and where should we meet?" Bill will immediately respond, "I will try to get a reservation at XYZ restaurant at 7:00 o'clock." Peter will promptly respond "Great. Please let me know." Bill will respond and say, "Will do."

A little later Bill will send a message to Peter and say, "Got a reservation for 7:30, is that good for you?" Peter responds immediately, "Fine with me." Bill responds, "Great." Peter responds, "Ok."

This example illustrates the principles of circular communication:

Any message received should be responded to immediately so that the sender knows that the intended recipient has indeed received the message. The original sender should also immediately acknowledge the confirmation received from the receiver of the original message by just saying "OK" or "got it."

Such behavior closes the circle of communication and both parties know exactly what is going on.

This proposed behavior is not burdensome. After all, most people have their phone in hand or nearby and very frequently check their messages. It is just mutually helpful and courteous to respond with "OK" or "got it" or "will not know until whenever."

Religion

Here is one more important thing that I wish to pass on, particularly to my family, even though it is great food for thought for anyone.

Four Important Questions

These are passages from an introduction to a series of lectures by J. Rufus Fears, Ph.D. that I came across some years ago. Among other things, he says, "There are four eternal questions that endure throughout history and that every *thoughtful* person must seek to answer. Either by conscious choice or by omission, everybody must answer these questions."

Question 1: **God.** Does God or do gods exist? What is the nature of the divine? Does God or do the gods care about humans and their actions? This is the first of four questions with which every *thoughtful* person must come to grips. The other questions and some of the answers will flow from it.

Question 2: Fate. What is fate? Do events, great and small, happen because they are predetermined by divine will or simply by chance and random occurrence? Do humans have free will? Do you determine your life, or is it already predetermined? Are you free to choose, or has your DNA already made the choice for you?

Question 3: **Good and Evil.** What do we mean by good and evil? Are there consequences for our actions, whether freely chosen or predetermined? If there are consequences for our actions, does this mean that there are standards by which to judge these actions? Who or what determines those standards? Are those standards enduring for all time? Or are there no absolute standards? Do circumstances determine what is right and wrong at any particular moment and for any particular individual? Does evil exist? Can we speak of evil as a real force that affects events and lives?

Question 4: **Choices.** How should we live? Should we trust the power of our inner voice? Is our inner voice, our intuition, really the voice of God providing guidance for the choices we have to make?
Our answers or failures to answer or even to ask these questions have consequences. They determine how we live our lives. They give us the values or absence of values to determine how we act towards others.

I am still trying to 'come to grips' with these questions; yet I am glad that I am aware of the questions and am thinking about them. I am a Christian and believe in Jesus Christ and *believe in God's voice in me*. As such I live my life in that I try to love others as myself. Since the process of thinking about those questions is so much a part of my current life, I wanted to share them with readers of my memoirs.

Meditation

Over the last 25 years Jill and I had heard often that meditating is beneficial for achieving mental and physical harmony. Twice we attempted to begin the practice of meditation, including in 2000 during a stay at Canyon Ranch, but always stopped again after a couple of months.

There were two problems. One was that we were told to focus on our breath and gently move aside any thoughts that come to mind. This sounds easy; however, it is amazing how many thoughts continuously push their way into ones consciousness. This “monkey of the mind” is powerful and very disturbing.

Also, even though we were told that meditating is beneficial, nobody could explain to us what exactly those benefits are. Since we actually did not notice any kind of positive impact, we stopped again.

Early in 2017 a friend recommended Transcendental Meditation (TM) to us. We went to the Jupiter branch of TM headed by Michael Glaza, paid a one time significant fee and learned TM.

Unlike traditional meditation, TM is easy to learn and effortlessly practiced. While we also focus on breathing, we use in addition a personal mantra. The mantra is a completely meaningless word and therefore helps to avoid any distracting thoughts. This mantra is repeated silently in our mind over and over again during meditation. There are still other thoughts coming up, but we feel because of the mantra there are fewer of those disturbing thoughts.

TM has notable benefits for different people. We experienced the elimination or reduction of pain, reduction of stress, better feeling about oneself and an increased focus and clarity of mind. It sometimes leads to a place in which I feel, as the TM people say, “enlightened guidance comes over me.” In plain English: I had a revelation about something that was on my mind.

On a more spiritual level, and remembering that I always listen to my inner voice, I can say: Praying is *talking* to God, meditating is *listening* to God! We do this twice a day each time for 22 minutes and are happy with it.

Learning facilities for TM are globally available through their general USA website www.tm.org. For Germany it is www.meditation.de. Within the USA there are dozens of TM centers like the one we use in Jupiter. There is also one in Boone, North Carolina, where we can go for occasional reviews and help while we are in our summer-house in Linville Ridge.

My Favorite Song

To have lived life 'my way' required a combination of swagger/attitude, self-confidence, and humility that allowed me to be the captain of my destiny and steer my life in the exact direction I wanted it to go. The lyrics of this song capture me and my quest for a life well lived – and that is why it is my favorite song.

My Way

And now, the end is near
And so I face the final curtain.
My friend, I'll say it clear
I'll state my case, of which I'm certain.
I've lived a life that's full,
I traveled each and every highway
And more, much more than this, I did it my way.

Regrets, I've had a few
But then again, too few to mention.
I did what I had to do and saw it through without exemption
I planned each charted course, each careful step along the byway
And more, much more than this, I did it my way.

Yes, there were times, I'm sure you knew
When I bit off more than I could chew;
But through it all, when there was doubt
I ate it up and spit it out.
I faced it all and I stood tall and did it my way.

I've loved; I've laughed and cried
I've had my fill, my share of losing.
And now, as tears subside, I find it all so amusing
To think I did all that
And may I say, not in a shy way,
"Oh, no, oh, no, not me, I did it my way."

For what is a man, what has he got?
If not himself, then he has naught.
To say the things he truly feels and not the words of one who kneels;
The record shows I took the blows and did it my way!

Yes, it was my way!

HR in 2014 at age 78

Summary of Memoirs

Summary in Bullet Points

People who influenced my life:

- Father and mother
- Herbert Vogt: taught me basics of tennis
- Dr. Karl Kalmund: planted idea of learning the banking business
- Uli Fassbender: made introduction to Dr. Haas at Hugo Stinnes Bank
- Horst Jaegeler: taught me basics of Foreign Exchange
- Dr. Karl Haas: sent me for training to Paris and New York
- Edi Reichers: hired me into Citibank
- Hans von Fluegge: taught me "American way of Life"
- Jack Arnold: brought me for six months to Citibank New York
- Don Howard: transferred me 'permanently' to Citibank New York, major mentor
- Rita Rodriguez: co-author of first two books, introduced me to Ingo Walter at New York University
- Ingo Walter: hired me as Professor at New York University
- Jill Riehl: My wife since 1984
- Pastor Frank Wagner, Holy Spirit Lutheran Church, Juno Beach, Florida: reignited my spiritual life

Timeline of important events and decisions:

- **1936** year of my birth in Mülheim-Ruhr-Styrum, Germany
- **1942** reward-card incident (mother)
- **1947** parents send me to six-year High School instead of nine-year gymnasium
- **1948** soccer ball taken away because of poor grades in school (mother)
- **1950** taking up tennis (uncle Otto incident)
- **1952** switching from Rot Weiß Tennis Club to Kahlenberg (Dr. Kalmund)
- **1953** attending one-year Commercial Trade School (Dr. Kalmund)
- **1954** joining Hugo Stinnes, banking apprenticeship, Introduction to Foreign Exchange (FX) trading
- **1958** two months FX training in Paris

- **1959** getting married to Karin Boes,
  two months training at Citibank in New York
- **1960** leaving Hugo Stinnes and joining Citibank in Frankfurt,
  son Heinz born
- **1961** creation of Treasury concept
- **1968** getting married to Ingrid Walendy
- **1968** son Ralf born, Manager of new Citibank Düsseldorf Branch
- **1970** daughter Janine born, transfer to Citibank, NY, creation of Nassau, Bahamas, off shore funding center, corporate counseling
- **1974** attending Harvard Business School for 14 week PMD
- **1975** globalizing my Treasury concept within Citibank
- **1976** Regional Treasurer for Asia/Pacific area,
  living in Manila, Philippines & Hong Kong
- **1977** writing <u>Foreign Exchange Markets</u>,
  began teaching at Asian Institute of Management (AIM) in Manila
- **1981** transfer from Kong Kong back to Citibank, New York
- **1982** start teaching at New York University (NYU)
- **1983** meeting Jill
- **1983** writing <u>Foreign Exchange & Money Markets</u>
- **1984** marrying Jill
- **1987** creating value-at-risk (VAR) concept
- **1989** taking up golf
- **1995** retiring from Citibank
- **1998** Expert witness for New York Federal Reserve Bank (FED) vs Central Bank of Iran in the International Claims Tribunal in The Hague, Netherlands
- **1999** receiving Honorary Doctoral Degree from IONA College
- **1999** writing <u>Managing Risk in the Foreign Exchange, Money and Derivative markets</u>, receiving 'Excellence in Teaching Award' from New York University
- **2000** Expert witness for Deutsche Bank Singapore,
  Hotel Pierre in New York meeting
- **2004** moving to live in Admirals Cove, Jupiter, Florida
  member of House and Finance committees
- **2009** elected to Board of Governors at Admirals Cove and Treasurer of Club for 3 years

Personal characteristics / special natural skills:

- Good basic health, good genes
- Positive thinking
- Believe in myself and believe that positive things will happen
- Clear thinking, questioning unclear talk of others

- Speaking in clear and logical way
- Mental arithmetic, Numeracy
- Good memory for facts and poems
- Not taking ‘No’ for answer, stick-to-itiveness
- Sense for making money
- Good strong intuition/inner voice

Opportunities, which presented themselves, and ability to benefit of situations that other people call ‘luck:’

- Switching from Rot Weiß to Kahlenberg Tennis Club (1952)
- Learning Foreign Exchange trading at Stinnes (1954)
- Getting attention of Edi Reichers at Citibank in New York (1959)
- Switching from Stinnes to Citibank (1960)
- Creating Treasury Concept at Citibank and making tons of money for the bank in new & creative ways (1961 – 1964)
- Teaching at AIM Manila in 1977 and New York University in 1982
- Meeting Jill in 1983

Missed opportunities, situations not taken advantage of:

- Tennis, no physical exercise,
  could have become much better player
- Learning Spanish, could have become fluent while covering South America
- 1981 job in Citibank, could have achieved more,
  become more senior
- Time with children, not enough
- Love of family and tradition
  Poorly executed intentions to be more with family
- Regret not having spent more time with children/grandchildren
- Focus on professional advancement left no time for family
- If I had to live life again, I would do it differently,
  focus more on family

My impact on world/people:

- Innovations in field of finance, which became industry standard
- Encouraging and helping co-workers and students,
  instilling belief in themselves
- Touching thousands of lives in a positive way
- Impact on my own children

Attitude towards money/finances:

- Always saved money, never spent more than I earned

- Focus on income and investment
- Always loved and owned real estate
- Always believed that I can generate more income in the future
- Intuitive feel for proper level of expenses

Life rules:

Two things everybody *must* do:

- Learn something, i.e. acquire knowledge and skills
- Earn money, enough to support self without monthly cash help from parents, friends, government

Two things everybody *should* do, in this sequence:

- get married
- have children

Before marriage, agree on: parents, religion, money, and children

Giving/Return:

- Always have been generous in things big and small such as: endowed New York University Professorial Chair and endowed scholarships, Holiday Santa at supermarkets, tipping
- Adhere to concept of Learn – Earn – Return

Summary in Prose

This book describes my life until 2017. As I stated in the Preface, the entire book is written completely from my memories. I never kept notes of anything. I just sat down and began to type. Two weeks later I had created 350 pages, the core of this book. As I am an optimist who always sees the glass as half full, I probably remembered more positive than negative things of my life. That is normal and human and the way I choose to remember my life.

It all began with my mother, the most important person in my life. She gave birth to me against the recommendations of doctors. When I was only weeks old and seriously sick, she followed doctor's orders of feeding me a squished banana every day (squeezed with a sterling fork) and milk from the same cow. However, once I could walk, she gave me enough rope to let me eat everything I could get my hands on in my father's bakery, including fat and dirt. Combined with good genes, this intake of dirt at a very young age and being forced to end each hot bath/shower with cold water (See the article about the benefits of taking a cold shower following a hot bath or shower in the appendix[21]), laid the foundation of my sturdy health in spite of being overweight in the second part of my life. Without my mother none of that would have happened. These days many people take a probiotic supplement daily which puts dirt into their bodies to bolster their immune system. I do not have to take such a pill because I have a solid foundation of dirt in my system from early childhood on.

There was the reward-card story shortly after I entered first grade, which taught me 'if it's going to be, it's up to me'. There was also the day when my mother temporarily took my soccer ball away when I was in sixth grade, age 12. She did this as an effective incentive for me to improve my academic performance. Those two actions had life-changing impacts on me.

However, most important was my mother's constant message hammered into my head from the earliest childhood on "What others can do, you can do too." This created in me a can-do attitude and strong belief that there is nothing that I cannot do. "If you believe it, you can do it!"

My mother's stories about her father's pub and his money-making ways, as well as her own behavior in building up her grocery store, instilled in me 'the drive for excellence', and the desire to be 'successful' in my life. Her definition of success was making money and becoming a respected member of society.

Nobody is perfect, and my mother's one shortcoming was that she did not emphasize much the value of family. I paid for that with two failed marriages. It was only after my third wife, Jill, entered my life in 1983, that I learned from her about family values, and the concept that 'family cannot do wrong!'

A large part of my economic and social success resulted from having joined Citibank Frankfurt in 1960, as well as in 1970 moving to New York and the U.S., where I have lived for more than half of my life. All the advantages offered by the 'American Way of Life' indirectly also benefitted my family.
My son Ralf reminded me of this fact a couple of years ago, when he wrote in a 'Happy Birthday note':

> "I have mentioned before how grateful I am for everything you have done for me as your son, and coming to live in the United States is one of those things that cover many other little ones as a result. This is indeed the land of opportunity, and as I reflect on my life to date I smile!!! And my life just keeps getting better and better."

(See original birthday letter in appendix.[22])

At the time I was probably not mature enough to make this potential impact on my family an important reason for my move; however, my all-important inner voice and intuition may have guided me one more time to do the right thing.

In addition to my mother's guidance, I listened throughout my life to that strong inner voice, my intuition, my gut feeling. My strong intuition offset the absence of academic education. This intuition was so strong that I often had to fight against the results of logical thinking. I had to avoid having logic interfere with and overcome guidance derived from my intuition. This inner voice guided me when I took important life steps including:

- Transferring from Rot Weiß Tennis Club to Kahlenberg at age 16
- Leaving home-town Hugo Stinnes Bank for Citibank Frankfurt at age 24
- Leaving Germany for Citibank New York at age 34
- Working for Citibank Asia in Manila and Hong Kong, from age 40 to 45

My inner voice and intuition also inspired me when, during my 35 years at Citibank, I invented financial concepts and processes which became global industry standards, including:

- The organizational structure of Treasury, combining Foreign Exchange Rate trading and Interest Rate trading under one Manager, the Treasurer, at age 24

- Proprietary trading of Foreign Exchange & Interest Rate products for Citibank at age 25

- The concept of value-at-risk (VAR), which converts meaningless notional/volume and transaction amounts into meaningful estimates of how much money could ‘usually’ be lost on a given risk position. This VAR concept also allows management to relate earnings from risk-taking to the risk assumed while those earnings were made, i.e. a risk versus return analysis. Age 51

- Numerous internal control processes protecting against errors and frauds in financial trading, throughout my 35 year Citibank career age 24 to 59

I intuitively applied what the German philosopher Immanuel Kant describes as the ability to “hear and see what everybody can hear and see, and to do something that nobody has done before.”

In very broad terms I can say that I invented at Citibank (using automobile analogies) both the accelerator in the form of proprietary trading and the brakes in the form of the value-at-risk system as well as numerous internal controls. Those concepts became global industry standards. They are described in my 1998 book Managing Risk in the Foreign Exchange, Money and Derivative Markets.

If financial institutions, including Citibank, had been able to enforce and actually implement my concepts, including the segregation of responsibilities between trading and independent risk management and Product Programs, the financial crisis of 2008 might not have occurred.

When I take a macro-look back at my contributions to Citibank while I was there in the 1960 to 1995 period I come to the following conclusion:

- In the 1960s I introduced proprietary trading, specifically for the bank to speculate on anticipated changes in interest rates and foreign exchange rates, i.e. to engage in proprietary trading. I created the accelerator in Citibank.

- In the late 1980s I also created the needed brakes. Specifically I invented and implemented systems to control price risk in the form of the value-at-risk (VAR) system as well as the concept of loan equivalent amounts for the control of pre-settlement counterparty risk in financial forward contracts for interest rates and commodities, including foreign exchange.

To make it as clear as possible I would like to say that the front office people, i.e. the senior traders who made the money in order to earn the big bonuses, had more power than the people in the middle office, i.e. the risk managers. On paper, there were value-at-risk limits and segregation of responsibilities, but the risk managers and internal control people were not able to implement them. The greed and the hunger for bonuses of the traders in the front office were too big. The power of the accelerator exceeded the power of the brakes.

I would like to make another important observation. During my time at Citibank 1960 to 1995 most of the senior people in the bank were credit people in their heart. They always worried about large losses in the trading area, i.e. the result of excessive price risk assumed in the financial markets. Even though Citibank was the first bank to establish a Market Risk Policy Committee, of which I was a co-founder, the market people were always looked at as slightly less senior than the credit people.

Against that background it is important for me to point out that the truly large losses at Citibank were credit losses and not losses resulting from the assumption of excessive price risk in the markets. The biggest losses were suffered on mortgages; and the losses did not occur because of interest rates rising above the level at which the bank had lent mortgage money. Instead, the biggest losses occurred because the borrowers of mortgage money were too leveraged, had borrowed too much relative to the value of their houses and could not pay back the money they had borrowed. I conclude that the problem was credit risk and not market risk or interest rate risk!

Other activities inspired by my inner voice and my intuition included:

- Teaching the concepts described above at academic institutions globally, beginning with New York University, at age 46
- Co-authoring and authoring books about the concepts described above, all published by McGraw-Hill in New York, at ages 41, 47 and 62
- Endowing a full Professorial Chair at the Stern School of Business of New York University, at age 48

Writing these memoirs has caused me to remember and re-live dozens of important moments and periods of my life. All of these life-segments were precious. At the time they seemed to last forever. Looking backwards, they vanished quickly. When I began to travel globally in the 1970s around age 40, my mother reminded me in many letters to consciously enjoy each moment. I thought that I did, yet in retrospect I know that I did not stop often enough and consciously smell the roses. My advice to everybody is to indeed enjoy each and every moment, because it is always later than we think it is.

> Regretful about the past
> and anxious about the future
> we do not take enough time
> to enjoy the fullness of each moment!

Poem: Summer's Last Rose

Nobody knows when our time here on earth is up. The following poem captures it so beautifully:

> Ich sah des Sommers letzte Rose stehn.
> Sie war, als ob sie bluten könne, rot.
> Da dacht ich schweigend im Vorübergehn
> "So weit im Leben, und so nah am Tod"
>
> Es regte sich kein Hauch am heißen Tag.
> Nur leise strich ein weißer Schmetterling.
> Doch ob auch kaum die Luft sein Flügelschlag bewegte –
> sie empfand es, und verging.

My quick translation:

> I saw the summer's last rose,
> Beautifully red, like blood.
> And I thought silently while passing:
> So much alive, and so close to death.
>
> There was no wind at all this hot day.
> Only a white butterfly flew by.
> His wings barely moved the air,
> yet she noticed it – and vanished.

My Favorite Poems

The sentiments in these two poems by von Goethe speak of the conclusion of the wanderer's pursuit of life's ambitions, and the peace that is the final reward for successfully wrestling with life's many challenges. I am grateful every day for the strength and stamina I have been given by God to live the life I have chosen. Peace is mine because I have done it well and on my own terms.

Wanderer's Night Song (Johann Wolfgang von Goethe, 1776)

Thou that from the heavens art,
Every pain and sorrow stillest,
And the doubly wretched heart
Doubly with refreshment fillest,
I am weary with contending!
Why this rapture and unrest?
Sweet peace descending
Come ah, come into my breast!

Wanderer's Nachtlied, (Johann Wolfgang von Goethe, 1776)

Der du von dem Himmel bist,
Alles Leid und Schmerzen stillest,
Den, der doppelt elend ist,
Doppelt mit Erquickung füllest,
Ach! ich bin des Treibens müde!
Was soll all der Schmerz und Lust?
Süßer Friede, komm, ach komm in meine Brust!

Wanderer's Nachtlied, (Johann Wolfgang von Goethe, 1780)

Above all summits it is calm,	Über allen Gipfeln ist Ruh,
In all the tree-tops you feel	In allen Wipfeln spürest Du
scarcely a breath;	Kaum einen Hauch;
The birds in the forest are silent,	Die Vögelein schweigen im Walde.
just wait, soon,	Warte nur, balde,
soon you will also rest.	balde ruhest du auch.

Towards a Great Big Wonderful Tomorrow

Continuing to give to each other………..

Appendix
Part One

[1] Letter to mother on May 13, Mother's Day, 2001

Muttertag, 13. Mai 2001

Meine liebe Mutti!

Herzlichen Glueckwunsch zu Deinem 65. Muttertag. Du bist eine wunderbare Mutter, und ich bin so froh, dass es Dich gibt. Ich sage Dir ja immer wieder, dass es ohne Dich mich ja garnicht geben wuerde.

Nun hast Du mich ja nicht nur einfach geboren, sondern auch auf ganz besondere Weise erzogen. Wenn ich versuche herauszukriegen, wie ich aus der Styrumer Umgebung in die grosse Welt gekommen bin und so viele Dinge erreicht habe, stelle ich immer wieder fest, dass Deine Anleitung und Erziehung dabei eine grosse Rolle gespielt haben.

Einerseits hast Du mich nie verwoehnt, andererseits mir aber doch immer viel Liebe gegeben. Und in den wichtigen Augenblicken hattest Du trotz des Geschaeftes auch immer viel Zeit fuer mich. Du hast in mir den Ehrgeiz geweckt, etwas besoneres aus mir zu machen, nicht nur Durchschnitt und OK zu sein, sondern einfach erste Klasse zu sein. Das verdanke ich ganz eindeutig nur Dir.

Da waren so viele scheinbare Kleinigkeiten, die eine grosse Rolle gespielt haben. Dein Rat, am ersten Tag bei Stinnes den alten engen Anzug anzuziehen, war goldrichtig. All die Geschichten von der Kegelbahn und den Herren von Babcock waren so lehrreich. Du hast Deine ganze Lebensweisheit auf mich uebertragen, und vieles davon hat mir so sehr geholfen. Deshalb auch die Widmung in meinem letzten, blauen Buch "Fuer meine Mutter, die mich so vieles gelehrt hat".

Du weist ja, wie sehr ich Dich lieb habe und was ich fuer Dich fuehle. Aber ich dachte an einem Tag wie heute wollte ich es einmal aufschreiben, so dass Du es langsam und oft lesen kannst.

Mach Dir einen schoenen Tag.

Jill und ich und alle Kinder und Enkelkinder haben Dich lieb und wuenschen Dir einen schoenen Muttertag. In Liebe Dein Sohn

Heinz

Heinz

[2] Guter Rat (Good Advice)

Vor allem eins, mein Kind, sei treu und wahr.
Lass nie die Lüge deinen Mund entweih'n.
Von Anfang an, das höchste Gut unter Menschen war,
getreu und wahr zu sein.

Noch bist Du jung, noch ist es nicht so schwer.
Aus einem Knaben aber wird ein Mann.
Das Bäumchen biegt sich,
Doch der Baum nicht mehr.

Sprich "Ja" und "Nein" und dreh und deutle nicht!
Was Du berichtest sage kurz und schlicht!
Was Du gelobest, sei dir höchste Pflicht!
Dein Wort sei heilig, drum verschwend' es nicht!

Leicht schleicht die Lüge sich ans Herz heran.
Zuerst ein Zwerg, ein Riese hinten nach.
Doch Dein Gewissen zeigt den Feind Dir an,
Und eine Stimme ruft in Dir "Sei wach!"

Dann wach und kämpf, es ist ein Feind bereit:
Die Lüg' in Dir, sie drohet dir Gefahr!
Kind, kämpfe immer tapfer für die Wahrheit!
Du, mein Kind, sei tapfer, treu und wahr!

[3] Immitation of a "Kirmes-Ansager" (announcer at a fair)

"Meine Herrschaften,
In die erste Abteilung sehen Sie Bella, die Riesendame.
Bella, trete hervor und erzähle die Herrschaften deine Lebensgeschichte."
Now he imitates Bella speaking in a very high pitched voice:
"Meine Herrschaften, ich bin Bella, Sachsen's schönstes und interessantestes Mädchen. Schon im jugendlichen Alter von 13 Jahren hatte ich das stattliche Gewicht von 2 Zentnern. Der berühmte Profeassor Della Witcho aus Wien, dem ich Natura vorgestellt wurde, sagte beim Anblick meiner Gliedmaßen 'Veni Veni Witchi', das heißt zu Deutsch 'das ist ja enorm'! Mein Körper ist über und über von Tätowierungen übersäht. Auf meinem linken Oberschenkel sehen Sie eine Szene aus dem Leben Cleopatras und Antonio. Cleopatra liegt gerade auf einer Otomane.

Antonio steht vorläufig noch daneben. Etwas höher sehen Sie eine Fuchsjagd. Der Fuchs verschwindet gerade im Bau. Nur der Schwanz ist noch zu sehen."

"Meine Herrschaften, in die nächste Abteilung sehen Sie eine Ringkampf zwischen dem Weltmeister Orlando Dilasso und dem Catcher Champion Senussi. Die Ringers reichen sich die Fingers, zum Zeichen, dass kein Hass, kein Neid, kein Streit entsteht. Verbotten ist der doppelte Nelson, die Krawatte, das Stechen mit die Fingers in die Augen, das Fassen an Sack."

"Meine Herschaften, in die nächse Abteilung sehen Sie die Neger vom Stamme der Oahu. Oahu, das ist ihre Sprache, Oahu, so unterhalten sich diese Menschen, Oahu, das ist ihre Konversation. Sie klettern auf die höchsten Bäume und werfen mit die Kokusnüsse gegen die Köpfe ihrer Widersacher. Sie lebben von die Heuschrecke und die wilden Kanine. Ein Ruck ein Zuck, ein Rack ein Knack, und der Kanin er lebbt nicht mehr."

"Meine Herschaften, in die nächste Abteilung sehen Sie Buo Constructo, die Riesenschlange. Sie misst drei Meter von Fuß bis Kopf, und drei Meter von Kopf bis Fuß, was zusammen sechs Meter sind – und sie wächst immer noch."

4 Letter from German Tennis Association

DEUTSCHER TENNIS BUND EV

DEUTSCHER TENNIS BUND EV · Postfach 14 03 · 3000 Hannover 1

Heinz Riehl
455 East 57th street
Appartment 9c
Ney York, N.Y., 10022
U.S.

Bankverbindungen:
Commerzbank AG, Hannover
Konto-Nr. 4 302 810
(BLZ 250 400 66)
Postscheck Hannover 1894-303
(BLZ 250 100 30)
Telegrammadresse Tennisbund
Fernruf (05 11) 28 10 67*
Telex 921 378 dtb d

3000 Hannover 1
Leisewitzstraße 26

Hannover, den 16.7.86

Sehr geehrter Herr Riehl,

anbei übersenden wir Ihnen die Ehren - Nadeln für die Mitglieder der Gr. Henner Henkel Spiele für die Jahre 1952 - 1954 in Gold und für das Jahr 1951 in Silber.

Die Gr. Henner Henkel Spiele wurden in den Jahren 1952 - 1954 vom Verband Niederrhein gewonnen.

Da Sie Mitglied der Verbandsmannschaft waren, kommt Ihnen diese Ehre zuteil.

Mit freundlichen Grüßen
Deutscher Tennis Bund e.V.

Thomas Kestner

Thomas Kestner
Jugend-Tennis

[5] Letter from Town of Mülheim

Mülheim a.d. Ruhr, den 2.10.1954

Herrn
Heinz Riehl,

Mülheim (Ruhr)-Styrum

Mit besonderer Freude habe ich davon Kenntnis genommen, daß Sie als Mitglied der Niederrhein-Jugend-Mannschaft bei den Henner-Henkel-Spielen Sieger wurden.

Es ist mir ein aufrichtiges Bedürfnis, Ihnen zu der hervorragenden Leistung die herzlichsten Glückwünsche zu übermitteln. Möge dieser Erfolg für Sie ein Ansporn sein, auch weiterhin zur Freude Ihres Vereins und Ihrer Heimatstadt auf sportlichem Gebiet zu arbeiten.

Im Namen der Stadt überreiche ich Ihnen die Ehrenplakette für besondere Leistungen.

Mit vorzüglicher Hochachtung

Beigeordneter u.Dezernent
des Jugendamtes.

[6] Plaque from town of Mülheim and four German Championship pins

[7] Johann Wolfgang von Goethe

Der Schatzgräber

Arm am Beutel, krank am Herzen,
Schleppt ich meine langen Tage.
Armut ist die größte Plage,
Reichtum ist das höchste Gut!
Und zu enden meine Schmerzen,
Ging ich einen Schatz zu graben.
Meine Seele sollst du haben!
Schrieb ich hin mit eignem Blut.

Und so zog ich Kreis um Kreise,
Stellte wunderbare Flammen,
Kraut und Knochenwerk zusammen:
Die Beschwörung war vollbracht.
Und auf die gelernte Weise
Grub ich nach dem alten Schatze
Auf dem angezeigten Platze;
Schwarz und stürmisch war die Nacht.

Und ich sah ein Licht von weitem,
Und es kam gleich einem Sterne,
Hinten aus der fernsten Ferne.
Eben als es zwölfe schlug.
Und da galt kein Vorbereiten:
Heller ward's mit einem male
Von dem Glanz der vollen Schale,
Die ein schöner Knabe trug.

Holde Augen sah ich blinken
Unter dichtem Blumenkranze;
In des Trankes Himmelsglanze
Trat er in den Kreis herein.
Und er hieß mich freundlich trinken,
Und ich dacht' es kann der Knabe
Mit der schönen, lichten Gabe
Wahrlich nicht der Böse sein.

"Trinke Mut des reinen Lebens!
Dann verstehst du die Belehrung,
Kommst, mit ängstlicher Beschwörung,
Nicht zurück an diesen Ort.
Grabe hier nicht mehr vergebens!
Tages Arbeit, Abends Gäste!
Saure Wochen, frohe Feste!
Sei dein künftig Zauberwort."

[7a] Vince Lombardi Quote

"Winning is not a sometime thing; it's an all the time thing. You don't win once in a while; you don't do things right once in a while; you do them right all of the time. Winning is a habit. Unfortunately, so is losing.

There is no room for second place. There is only one place in my game, and that's first place. I have finished second twice in my time at Green Bay, and I don't ever want to finish second again. There is a second place bowl game (consolation round), but it is a game for losers played by losers. It is and always has been an American zeal to be first in anything we do, and to win, and to win, and to win!

Every time a football player goes to ply his trade he's got to play from the ground up – from the soles of his feet right up to his head. Every inch of him has to play. Some guys play with their heads. That's O.K. You've got to be smart to be number one in any business. But more importantly, you've got to play with your heart, with every fiber of your body. If you're lucky enough to find a guy with a lot of head and a lot of heart, he's never going to come off the field second.

Running a football team is no different than running any other kind of organization – an army, a political party or a business. (Or to play any competitive sport including singles tennis).The principles are the same. The object is to win – to beat the other guy. Maybe that sounds hard or cruel. I don't think it is.

It is a reality of life that men are competitive and the most competitive games draw the most competitive men. That's why they are there – to compete. The object is to win fairly, squarely, by the rules – but to win.

And in truth, I've never known a man worth his salt who in the long run, deep down in his heart, didn't appreciate the grind, the discipline. There is something in good men that really yearns for discipline and the harsh reality of head to head combat.

I don't say these things because I believe in the 'brute' nature of men or that men must be brutalized to be combative. I believe in God, and I believe in human decency. But I firmly believe that any man's finest hour – his greatest fulfillment to all he holds dear – is that moment when he has worked his heart out in a good cause and lies exhausted on the field of battle – victorious."

[8] Memo of dual education system from website

Dual education, previously also known as apprenticeships, is available in Germany for hundreds of professions. They range from crafts like Auto Mechanics, Bakers, Chimney Sweepers, Masons, Electricians and Opticians to Tax Accountants, Bankers, Insurance Agents and Hoteliers. This type of education is also available for careers in countless other fields including information technology, telecommunication, farming, marketing, public relations and medicine.

The initial professional education and training occurs in Germany predominantly through this so called "dual" system. The system is called "dual", because the know-how and skills for each specific profession are conveyed to the apprentice at two different learning-locations. Those two locations are:

- A company, business or work place of the employer for the practical education.
- A related professional trade school for the theoretical education.

Dual education lasts between two and three years. During this period the apprentice will work three or four days every week for the employer and attend a professional trade school in his field for one or two days.
In the formal education contract between an apprentice and an employer, the employer agrees to provide practical experience for the apprentice, and rotate him / her through

all important areas and subjects in this particular professional field. At the end of each such 2 to 3 months assignment, the apprentice writes a report explaining and describing in detail the jobs or tasks performed, and what has been learned.

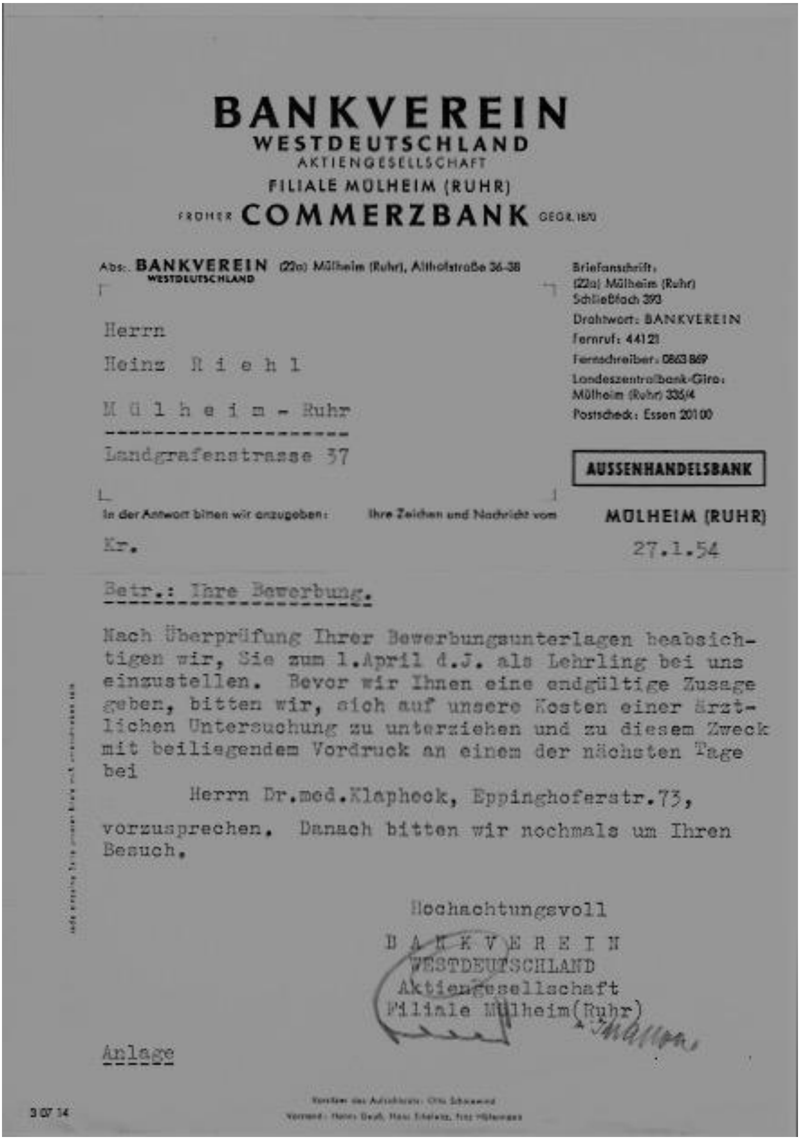
German companies, which employ large numbers of apprentices, like Deutsche Bank, BMW or Siemens, have an organizational structure of apprentice coordinators to assure that the process works as described. However, on the other side a butcher might have only two assistants of which one is an apprentice.

The professional trade schools complement the practical learning with a profession-specific comprehensive theoretical education. Those schools also convey all around general know-how. For example bakers learn the chemical composition of flour, bankers learn the difference between a mortgage and a loan secured by real estate, and all apprentices learn how the federal, state and local government is organized and how elections work.

There is close cooperation between employers and schools, in that both see the periodic reports written by the apprentice and the report cards received in school. As a result, there is shared responsibility between employers covering the practical aspects, and schools covering the theoretical side for the initial professional education of young people.

In addition, apprentices are exposed at their employer's business or work place to mature skilled and professional adults from whom they learn many other character-building qualities such as team work, respect for others, honesty, integrity, social skills and punctuality.

[9] Letter from Commerz Bank



BANKVEREIN
WESTDEUTSCHLAND
AKTIENGESELLSCHAFT
FILIALE MÜLHEIM (RUHR)
FRÜHER COMMERZBANK GEGR. 1870

Abs.: BANKVEREIN WESTDEUTSCHLAND (22a) Mülheim (Ruhr), Althofstraße 36-38

Briefanschrift: (22a) Mülheim (Ruhr) Schließfach 393
Drahtwort: BANKVEREIN
Fernruf: 44121
Fernschreiber: 0863 869
Landeszentralbank-Giro: Mülheim (Ruhr) 335/4
Postscheck: Essen 20100

Herrn
Heinz R i e h l
M ü l h e i m - Ruhr
Landgrafenstrasse 37

AUSSENHANDELSBANK

In der Antwort bitten wir anzugeben: Kr.

Ihre Zeichen und Nachricht vom

MÜLHEIM (RUHR) 27.1.54

Betr.: Ihre Bewerbung.

Nach Überprüfung Ihrer Bewerbungsunterlagen beabsichtigen wir, Sie zum 1.April d.J. als Lehrling bei uns einzustellen. Bevor wir Ihnen eine endgültige Zusage geben, bitten wir, sich auf unsere Kosten einer ärztlichen Untersuchung zu unterziehen und zu diesem Zweck mit beiliegendem Vordruck an einem der nächsten Tage bei

Herrn Dr.med.Klapheck, Eppinghoferstr.73,

vorzusprechen. Danach bitten wir nochmals um Ihren Besuch.

Hochachtungsvoll
B A N K V E R E I N
WESTDEUTSCHLAND
Aktiengesellschaft
Filiale Mülheim(Ruhr)

Anlage

3 07 14

Appendix
Part Two

[1a] Text from my Web Site

Treasury Departments, which combine the key financial activities of a company under one manager, have always been a part of the organizational structure of non-financial institutions. The purchase of raw materials, the manufacturing of goods, and their sales usually are the main operations of a company. Any activity that has anything to do with finance is the job of the Treasurer, including the borrowing or investing of local or foreign currencies to satisfy the company's liquidity needs and the purchase of foreign currency to pay for imports or the sale of foreign currency resulting from exports.

Until 1960, financial institutions and banks did not have Treasury departments. Instead, the key treasury functions were separated, and each one was headed by a powerful, important and independent manager.

In this article I will describe how I invented and developed the first centralized Treasury in 1960 at Citibank's first German branch in Frankfurt, and the advantages flowing from the applications of this concept.

Background

The centralized organization of 'Treasury' in a bank combines under one manager, the Treasurer, the supervision of trading in the:

- *Local Currency Money Market*
- *Foreign Currency Money Market*
- *Foreign Exchange Market*

Local Currency Money Market

The manager who is focused on the local currency money market and the Central Bank has a very important role in any bank. A well-capitalized bank might have 10% equity capital and 90% deposits, which are liabilities. Most of those deposits have *relatively short tenors and mature within six months, but the bank's business is to lend a large percentage of that money for much longer periods, often for several years. Against that background, it is clear that the Funding-Liquidity of a bank is critical. This is one of the most important jobs in a bank, and the manager who is responsible for this activity must make sure that money is available whenever obligations are contractually due, and must try to do this at the lowest possible cost.*

Foreign Currency Money Market

The manager of this department is responsible for what one could almost call a separate part of the balance sheet. Many customers wish to have their borrowings denominated in foreign currencies. This means the bank must find deposits denominated in those currencies so that deposits and loans are matched by currency. Likewise, some of the bank's customers wish to make deposits denominated in foreign currencies. The bank has to pay interest on those deposits and invest them to earn back the interest plus a profit. In addition to matching all those different currencies, the maturities of those foreign currency assets and liabilities must be matched or consciously managed so there is adequate funding-liquidity for each currency on the bank's foreign currency book.

While this part of the balance sheet is usually smaller than local currency, it nevertheless is complicated by the different currencies involved. The manager of this department often is more globally oriented and maintains relationships with many banks around the world.

Foreign Exchange (FX)

The FX Manager is responsible for maintaining working balances in accounts with correspondent banks around the world. The accounts are denominated in the local currencies of the respective foreign countries, i.e. Swiss francs in Switzerland, yen in Japan, euros in the Euro-Zone, US dollars in the United States, etc. Those accounts are used to handle a bank's incoming and outgoing payments in the respective currencies. The foreign exchange trader must keep the balances in those accounts at a level commensurate with the daily turnover in the accounts. In *addition, the FX trader services the bank's clientele, buying foreign currencies from exporters and selling foreign currencies to importers. Finally the FX trader often performs proprietary trading for the bank's own account and frequently is an important profit center.*

Foreign Exchange contracts are closed for spot value dates and various forward value dates. Value spot means that the currencies sold and purchased are delivered and received two business days later than the contract date, i.e. the date on which the transaction is made. Forward value dates are usually for a number of months into the future. This means that the exchange of currencies purchased and sold might take place 1, 2 3, 6 or 12 months later than the contract date.

The FX business is sometimes not fully understood by other people in a bank. This perceived mystery combined with the obvious internationalism puts the FX manager often into a powerful and important position.

Now that you have reviewed the trading responsibilities of a bank's Treasury, I would like to share with you how I was instrumental in bringing these separate departments together under one manager, the Treasurer.

Foreign Exchange Trader for Local Bank

In the 1950s the European financial markets slowly emerged from the ashes of the war. Until the end of 1958 the industrialized European countries were members of the European Payment Union. The currencies of all member nations were not freely convertible against US dollars, but could be traded against each other. In short, people were trading junk against junk. The entire market consisted of maybe 25 active trading banks in all of Europe. The individual standard transaction amount between banks was the equivalent of 25,000 English pounds.
In 1954, at age 18, I joined a small German bank and began to trade foreign currencies. My bank had no customers for foreign exchange, but we understood very well the technicalities of foreign exchange trading, including forward foreign exchange rates. In particular, I understood that the premiums and discounts of

forward exchange rates are equal to the interest rate differential between the two currencies involved.

Let's illustrate this point with an example.
Assume the following:

- *Spot FX rate for the dollar is 7.00 local currency.*
- *One year interest rates are 5% for dollars and 3% for local currency.*
- *The interest rate differential is 2%.*

As a result, the one year forward FX rate for dollars against local currency must be 2% lower than 7.00 or 6.86 local currency (LCY) per US dollar. (Reference from page* *500**)*

Spot rate:	**7.00**	**US$ / Local currency**
Less 2% of 7.00	**0.14**	**Swap rate (FX rate differential between spot and forward FX rate)**
Forward FX rate	**6.86**	**US$ / Local currency**

** All interest rates are 'per annum' rates. The annual flat swap rate of 0.14 will be different for shorter or longer periods, such as 0.07 flat for six months or 0.28 flat for two years.*

A holder of dollars could swap dollars into LCY with forward cover at a 2% discount income and invest the resultant LCY at 3% for a total return of 5%, which is equal to the 5% he could have earned on his dollars on a direct dollar investment. Likewise a holder of LCY could swap LCY into dollars with forward cover at a discount cost of 2% and invest the resultant dollars at 5% for a net return of 3%, which is equal to the 3% she could have earned on her LCY on a direct LCY investment.

Co-Founder of Citibank, Frankfurt, Germany

In 1960, I became a co-founder of Citibank's new Frankfurt Branch in Germany. To open the new branch, Citibank brought three experienced Americans to Germany and hired fourteen young Germans. As one of those fourteen people, I was hired to be the Foreign Exchange Trader with responsibilities as described *above. I traded spot and forward FX, strictly speculating for the Bank's own account. There were no customers yet.*

The general telephone switchboard for the branch was located in the same small room where I worked. There also was one telex machine behind me which I could easily reach by turning around on my swivel chair. This telex served the branch as a whole. It also served me to communicate with international banks for FX trading, which was sometimes faster than the phone. In addition to trading FX, it was my responsibility to answer the general phone number of the branch at the switchboard and to send / receive general telex messages for the branch that had nothing to do with trading.

Trader in the Local Currency Money Market

The export-driven German economy was booming. The German Central Bank was accumulating huge foreign exchange reserves and the German mark had become a candidate for revaluation. Citibank's many branches in South America and Asia had all opened accounts with our new German branch. In a modest way, they were all speculating on a revaluation of the German mark and, because of that, maintained slightly higher balances in their mark accounts with the Frankfurt Citibank branch.

It was customary at that time to send messages to correspondent banks when one was remitting money into the accounts. As a result, every morning I saw messages from some of our branches that they were sending German marks for credit to their account with my branch. I processed those messages and carried them to my friend Bernie Nix who was the head of the bookkeeping department.

After a few weeks Mr. Nix and I met for a drink after work and, after exchanging the jokes of the day, we naturally talked about the business. I asked him what we were doing with all those marks which we were receiving from all over the world. He did not know the answer. The next day he told me that we had accumulated more than 200 million marks (US$ 50 million) in our non-interest bearing checking account with Deutsche Bank, an account that our Representative Office had used to pay salaries, rent and utility bills prior to the opening of the branch.

I knew that there was an interbank money market in Germany and recommended to the Branch Manager that I invest those marks in that market. The Manager was skeptical and worried about our liquidity, because the balances in the overseas branches' accounts were demand balances and could be withdrawn without notice. I told him about the overnight money market in which I could invest funds as call money, which I could get back at any time. He approved an investment of ten million marks. After three days he walked into my office and asked me to call the money back from the market. Of course there was no problem. I got the money back and the Branch Manager was convinced. He appointed me the local currency money market trader for the branch on that same morning. Interest rates for German marks were around 3%, so that investing the 200 million marks netted us a nice profit.

Trader in the Foreign Currency Money Market

One Monday morning Peter, a trader from a savings bank, called and asked whether I could sell to him 500,000 dollars for value the next day, Tuesday. As it was Monday, the standard spot value date was Wednesday, two business days later. I told him 'no' because I did not have any dollars for value Tuesday. Peter told me that I had many dollars at Citibank headquarters in New York. He explained that I could sell dollars to him value Tuesday and buy them back in the spot market for value Wednesday. This would leave me with cash positions short or overdrawn in dollars from Tuesday until Wednesday, and long or excess cash in marks for the same period.

It became clear to me that the FX rate at which I would sell dollars to Peter value Tuesday (tomorrow) could be the same as the standard offered rate at which I would sell dollars to him value Wednesday, provided that the interest rate for dollars and marks for the Tuesday – Wednesday period was the same.

If the interest rate for marks was higher than the interest rate for dollars, I would earn that differential, because I could invest the marks at a higher rate than the rate at which I would borrow the dollars from New York. Then I could offer the dollars for value Tuesday at a slightly lower FX rate than the standard offered rate for value Wednesday. If the interest rate for marks was lower than the interest rate for dollars, that differential would be a cost to me, because I would have to invest the marks at a lower rate than the *rate at which I would borrow the dollars from New York. In that case I would have to charge a slightly higher FX rate for the dollar's value Tuesday than the standard offered rate for value Wednesday.*

I sold the dollars to Peter value Tuesday at an exchange rate that was based on the standard offered rate for value Wednesday, adjusted for the interest rate differential between dollars and marks, plus a profit margin for my branch. I did not borrow the dollars from my New York Headquarters at what would have been a penalty rate. Instead, I borrowed from another bank in the slowly emerging offshore US dollar money market, i.e. the Euro dollar market. I was also grateful to Peter, because the entire episode had taught me how to become a trader in the foreign currency money market.

First Treasurer in a Bank

At this point I had command over all three legs of the business of Treasury: foreign exchange, local currency money market, and foreign currency money market operations. This was especially attractive because all the other banks were not organized that way. They were still decentralized, as described above in this article.

Few if any FX traders understood the interrelationship between interest rate differentials on one side and premiums and discounts in the forward FX market on the other side. Instead, they thought that those premiums or discounts were indicators for the expected trend of the respective spot rates: When the spot exchange rate of a currency is expected to move lower, then the forward exchange rate is already at a discount. And likewise, when the spot exchange rate of a currency is expected to move higher, then the forward exchange rate is already at a premium. Their thinking appeared to be quite logical, but was of course completely wrong. This misconception presented wonderful opportunities for those of us who correctly understood forward exchange rates and had access to the local and foreign money markets.

In addition to the misconception about forward exchange rates, at other banks the three managers heading the local and foreign money market departments as well as the foreign exchange *department did not cooperate much with each other. Because their businesses were so closely related, they always felt that the other managers were infringing on their territory. This lack of cooperation between those three departments in other banks made life for those of us who had the organizational structure of Treasury even easier and more profitable. A good example for this problem is that even in Citibank, where I invented Treasury, the Treasury concept was introduced last at Headquarters in New York because we had to wait until the very powerful head of the local currency money market department retired.*

Expansion of the Treasury Concept

In the mid-1960s, Citibank opened new branches in many other European countries. All of them sent people to Frankfurt. They studied my Treasury concept and adopted the Treasury organizational structure right from the beginning. The concept had two major advantages. First, it was immensely profitable, because it allowed the Treasurer to take advantage of imperfections and disparities in the international market place. Second, the ability to create fully hedged local currency by swapping dollars and other foreign currencies with full forward cover into those miscellaneous local currencies augmented the local currency deposit base in all those countries. This increased Citibank's ability to make local currency loans to customers, which often sparked new expanded banking relationships.

In 1974, a few years after I moved from Germany to Citibank's headquarters in New York, Citibank asked me to systematically go around the world and implement the Treasury concept in all Citibank branches. This was a self-liquidating job. After two years, all countries had been converted. At that time, regional treasurers were appointed to assure the ongoing maintenance and successful implementation of the Treasury concept. In 1976, I became the first regional treasurer for Asia and lived for several years in Manila and Hong Kong.

Gradually the global market recognized the advantages of the Treasury organizational structure and the concept became industry standard.

Applications of the Treasury Concept:
Below Market Rate Local Currency Funding

Because the German mark (DM) was a revaluation-prone currency, the US dollar (US$) was always under downward pressure to move lower. As a result, the discount quoted in the market for forward US$ against DM was larger than it should have been based on the interest rate differential. Earlier in this article, I used a set of market rates, in which the spot FX rate was 7.00 and the interest rates for dollar and LCY were 5% and 3% respectively. In that situation, the discount of the dollar is 2%, the swap rate is 0.14 and the one year forward FX rate is 6.86.

Imagine that a bank in Germany was quoting a discount of 0.20 for a one year swap, i.e. offering one year forward dollars at 6.80, which is equal to a discount of 2.86%. In that case I would have:

- *Borrowed dollars for one year at 5.00% minus the discount or swap gain of 2.86% (0.20 as % of the FX rate of 7.00 per $)*
- *Created fully hedged LCY for one year at 2.14% or 0.86% lower than the 3% market rate.*

A slightly different but basically similar technique involved the commercial FX business with customers. Instead of entering into a natural swap with a bank (spot and forward contract performed with the same counterparty) I would quote very competitive forward outright bid rates to exporters who wished to sell forward dollars in order to hedge their dollar denominated export receivables. After buying the forward dollars outright from the customer I would sell spot dollars in the inter-bank market and create the same cash flows as if I had done a natural swap with another bank. I called this an 'engineered' (pieced together) swap, because the forward purchase from a customer and spot sale of dollars against LCY to another bank was done with two different counterparties. The result was the same: creation of below-market-rate local currency funding. Using this approach, I did more customer FX business, bolstered the relationship with a customer, and did not touch the FX forward inter-bank market, in which constant demand for forward dollars might have narrowed the discount for dollars.

Applications of the Treasury Concept:
Bolstering Funding Liquidity at A Rate Equal To The Market Rate

Frankfurt was the third branch to be opened by Citibank in Europe. The other two branches were in London and Paris and had been opened many years before. It turned out that the Paris branch had substantial local currency loan demand in French francs but could not lend because they did not have the local currency deposits. However, the same branch had received from customers substantial dollar deposits, which the branch kept on deposit with other banks in the Euro dollar market. The solution was easy: Swap those dollars into French francs with forward cover, and use those French francs to satisfy the local currency loan demand of our customers in France.

2 Dr. Holger von Paucker, Citibank Germany

Hessenbrückenmühle in Germany

Dear Heinz,

During a lifetime we meet thousands of people and we are part of many external events. We remember many of them. But only a relatively small group of people and events are playing a role in one's life, in the sense that they somehow influence the course of life, this rather zigzagging monster.

Your first role, Heinz, in my life was that of a listener. You visited Mr. Herstatt in Cologne in mid 1966 and he spoke about a Holger von Paucker, the son of his deceased partner, who wanted to start working in an international bank after having finished his University studies.

Your second role was that of an interviewer and sales person, who made me come to "The First National City Bank of New York" and not to Chase. You were and you have been always a very convincing man. Then I started as trainee on September 1st 1966. I still see the "platform" with you on it as well as Greiner, Mahler, von Barby, Sten. At that time you helped me to understand the mechanisms between money markets, interest rates and FX rates, – as well as the "Riehl money market arbitrage deals" – , topics important for me and my fist thesis at the University of Cologne.

And then you became my first boss a year before we opened Düsseldorf Branch on 1.11.1968. Through travelling with you to customers I picked up product knowledge, especially in the area of money markets and FX, I started to learn finding customer problems and to always be specific in the solutions. This sounds very serious stuff, it actually is serious stuff, but we always had a lot to laugh. I still remember, when we were at Schlosshotel Hugenpoet, sitting in the very quiet dining room, you requested the head waiter to come and asked him whether it is allowed to laugh in this place. Later on it was not any more a quiet place.

The Düsseldorf Branch of Citibank was opened. You built up a team, some members of which I still call friends, like Joachim Wolters and Peter Stappen. And you created an atmosphere which was unique. The Manager meetings in your house in Hösel became famous, some say notorious for an ideal mix of business, alcohol and humour.

You then left Germany in order to accept a challenge at Head Office in New York – and you recommended me as your successor in Düsseldorf. Again an influence in the zigzag. Well, and without the hierarchical direct chain, the "business partnership" was changed to the status of a friendship, sometime in the early 70ies. This status is still active and current.

Lieber Heinz , Ute und ich wünschen Dir weiterhin viel Wasser unter den Kiel, bei Dir wohl besser viel Auftrieb unter den Flügeln, die Dich, die Euch hoffentlich bald wieder einmal nach Deutschland tragen werden. In diesem Sinne verbleibe ich bis zum Wiedersehen als

Dein Freund Holger

[3] Peter Klotzsch, Citibank Frankfurt, Germany

When I was looking for a job after 18 months in Geneva as a trainee in one of these wonderful private banks in Switzerland, Heinz who then was the sovereign under Mister Harold Svenson, manager of The First National City Bank of New York's first German branch, interviewed me. This was in 1962. I was hired.

For ten years after this great and important moment in my life I was trained and or motivated by Heinz. But maybe more important I was always thoroughly impressed, and to some extent influenced, by him as a shining example: by his style to think, to work, to handle problems and to handle people.

He has been, and I dare say at any moment, day and night, on the job or in private life, the only rational, analytical, unemotional and consequently successful and good-humoured money trader I have ever met in my life. He never grieved over bad deals. Bad deals simply taught him to be better the next time.

He never wanted to impress colleagues, business partners or anybody else in order to appear important. He never imposed his views on others. And as a matter of fact, this was usually unnecessary because Heinz had a way to set forth his well-considered arguments before his interlocutors that they simply adopted his views as theirs. Heinz wanted to be factually right because this was his way and the way to make money for the bank.

Heinz always listened modestly and carefully to anyone when he felt there was whatsoever to learn. He thought every information through. He never forgot anything. And parallelly he drew the fastest appropriate rational conclusions you could have experienced with anyone. He would sometimes sit unpretentiously in the back office of his trading room and ask a clerk for explanations. He listened carefully without commenting the handling of the operations. But while walking back to his chair he knew already how to speed up the processing or enhance its efficiency. And he would soon after implement the better system. Heinz had a way to break up the most complicated nexus into a number of simple facts so that everybody would understand.

Of course I could continue my song of praise because there are enough examples to compel anybody's admiration for Heinz. But today I rather tell you one of my fondest moments with him. It was a silent one. And he was not even around.

He signed a letter to me by writing: „Your friend Heinz".

I felt knighted.

Happy birthday Heinz from your friend Peter!

Munich, May 11, 2006

[4] Rick and Renate Raskopf, Darien, Connecticut

"Nie verzagen – Heinz fragen"

It is such an honor to be asked to reminisce about our long-standing friendship with our loyal, very cherished friend, Heinz Riehl. Or as we often affectionately call him, "*Heinzelmännchen".* Our image of Heinz is one of enduring friendship, generosity, great hospitality, good stories, his love of poetry, but above all his unending friendship.

The story begins in 1964, when Renate, working in the International Division of Citibank, inevitably ran into Heinz, newly transferred from Frankfurt to New York. Heinz was immediately invited over to our apartment at 420 East 64th Street for dinner, which became the standing procedure for every Tuesday evening for the next two years.

Renate and Heinz would usually leave their office on 53rd Street before Rick did. They would walk uptown through Bloomingdale's – Heinz was surprised that Renate would buy something one day and bring it back the next. Heinz would clean and cut the vegetables while Renate did the entrée so they had dinner ready when Rick got there. Heinz would keep his own bottle of gin at our apartment so he did not have to feel restrained about having his beloved gin & tonics.

It was during and after drinks and dinner that Heinz always 'did his number", which means creating the essence of *Gemütlichkeit*. Stories, jokes, childhood reminiscence, songs, and Heinzelmännchen's beloved poetry – all stored in his flawless memory, line-by-line. As everyone knows, Heinz' stories are invariably racy ones, from the pages of the latest Playboy or told at the latest after-hours rendezvous. For instance:

> A New Yorker was showing the sights to a group from China, and after visiting Times Square, Rockefeller Center, and St. Patrick's, they came upon a sidewalk hot dog vendor. The American excitedly exclaimed to the Chinese, "You have to try one of these typical American hot dogs!" A look of bewilderment came upon the Chinese, who conferred for a few moments, and then came back to the American. "So sorry, but cannot eat hot dog. That only part of dog we do not eat."

Limericks pour forth line-after-line. Heinz' favorite, of course, was one composed especially for him:

There once was a girl from Bastille,
Who rode on the elevator with Heinz Riehl;
When they reached floor number seven,
She was in Seventh Heaven;
Was it a dream, or was it Riehl?

Songs from the 40's and 50's came in, such as "You Can't Be True, Dear" in German, and all the pop songs from "Voice of America" – Germans know American music of that era as well as Americans do!

Then came Heinz' greatest love, poetry. He is blessed with an amazing memory of apparently everything he has ever read. The classics of German poetry are his favorites, such as Die Glocke by Schiller:

> Fest gemauert in der Erden
> Steht die Form, aus Lehm grbrannt.
> Heute muß die Glocke werden,
> Frisch, Gesellen, seid zur Hand.

. . . and Vermächtnis by Goethe:

> Kein Wesen kann zu nichts zerfallen!
> Das Ewge regt sich fort in allen,
> Am Sein erhalte Dich beglückt!

Heinz loves Stufen ("Steps") by Hermann Hesse, and on a lighter note, the work of the
children's poet, Wilhelm Busch, such as Max und Moritz:

> Ach, was muß man oft von bösen
> Kindern hören oder lesen!!
> Wie zum Beispiel hier von diesen,
> Welche Max und Moritz hießen;

Then would come the point where Heinz would say, "Well, my friends, we have had a wonderful evening but we have a busy day tomorrow, and we have to get some sleep." "Sorry the evening has to be over", to which we couldn't have agreed more heartily.

The suburban life came next, tennis matches where Renate and I were invited to watch Heinz win yet again the men's singles tennis championship at Country Club of Darien. Suburbia was combined with periods when Heinz and his family lived abroad here and there. But the friendship would not be allowed by Heinz to wither, and he telephoned and invited regularly whether living in the US or elsewhere. Heinz was an only-child, but his mother had brought him up to share. Heinz has unlimited generosity. He always has time for his friends.

Again back in the States, first in New York and then suburbia, Heinz' soul mate and the love of his life, Jill ("Jillchen") also entered our lives in the 80's. They made a formidable team when it came to hospitality. Both are wonderful cooks and fastidious when it comes to the accoutrements of gracious entertaining. Rotisserie lamb, BBQ salmon done by Heinz were out of this world and Jill's fabulous creations are too many to enumerate. Heinz and Jill always had a good wine. Dinner would start with everyone holding hands around the table, rhythmically beating to the tempo of the salutation, "Gu-ten Ap-pe-tit". The Heinz stories and poetry continued unabated, but sometimes Jill would say, "Heinz, now you have to let the other people tell a story." After dinner often came the quiet time by the fireplace, *Gemütlichkeit* at its best. A story from his childhood might come in, such as:

"Tusse mich auch die Karre schicken? (Are you also sending me a wagon)?" 8-yr.-old Heinz repeatedly interrupted his mother, as she dropped him off at his aunt's country-side house for safety during the bombings of WWII, and was telling him a long list of behavioral do's and don'ts Mother returned to the city of Mülheim-Ruhr to continue to fulfill her responsibilities in the family business. A shiny, new cart did arrive via Post after a few weeks.

Heinz' interest in the spiritual side of life came into flower during this period, and Heinz and Jill both have a strong and well-developed philosophical bent. This is the natural culmination of their basic love for people.

Our children, Tina and Mark, became best friends with Heinz' young children, Ralf and Janine ("Janinchen"). They were too young to know Heinz' first son, Heinz-II. Both of our children were strongly influenced by Heinz in their financial careers. Mark audited Heinz' course at NYU in finance. Heinz said Mark had a strong feeling for this subject, which by now Mark continues to demonstrate big-time. Heinz found Tina a summer job at Citibank during college break, and now she is a biggie with Fortis Bank.

Any story about Heinz has to include his vivacious mother, Rosemarie, to whom Heinz was a very devoted son. We have spent many a wonderful afternoon or evening with her, usually with Rosemarie at the piano and everyone singing – German Christmas songs were most special. And to show that Heinz is a "chip off the old block", here is one of my favorite Riehl stories, actually told to us by Rosemarie. To understand this story, you have to recall that Moshe Dayan was the Israeli Prime Minister back in the 80's, who was famous for wearing a black eye patch on one eye:

President Jimmy Carter had become so preoccupied with the pressing affairs of state that it came to the point that he began ignoring the charms of his wife, Roselyn. Roselyn became frustrated, and decided she had to do something dramatic to arouse Jimmy's affections again. She slipped into her sexiest black nightie and then allowed one breast to become exposed. She called seductively to Jimmy, "Jimmy, I want you to give me a kiss" whereupon Jimmy jumped up suddenly and ran for the telephone saying, "Roselyn, that reminds me, I have to call Moshe Dayan!"

So that's a start on our times spent in the glow of Heinz' most entertaining and pleasurable company.

Rick and Renate Raskopf

[5] Mike Callen, Former Vice Chairman of Citibank

For me it is difficult to believe that Heinz has reached the age of 70. He is the sort of person who seems never to put on an additional year. Our first meeting was when he was in his mid thirties. Funny how I haven't put on nearly as many years as he has.

We have traveled together throughout the Middle East, Asia, and Europe.

Despite the passage of decades I can still say with sincerity that virtually everything I have learned of fundamental importance in the business of banking and markets has come from him.

Of course, I have learned many other things from him that have nothing to do with business or professional skills, but those matters cannot ever be divulged to anyone but a very small group.

I have used Heinz as an example innumerable times when interacting with a people who claim that they never enjoyed the "breaks" in life. There are truck loads of such people in the world who relish attributing their failures to external factors. Frequently, these people have had many advantages by birth or by education. For these “victims” Heinz is the proof statement that they are full of horse manure. As an author of several books, a member of the faculty of a major university, and a teacher of world renown he started from a very modest station in Germany. He did all of it himself overcoming numerous obstacles on the way.

Anyone who has known Heinz for even a short period has to be aware of his incredible thirst for knowledge and his inquisitive mind. I have seen him pump a person dry of all of their knowledge in 15 minutes of interrogation during a chance encounter at a dinner party.

One could cover pages with stories of his singular sense of humor. Nobody enjoys a good laugh as much as Heinz.

One story will suffice: He asked a waiter in a European hotel for a piece of bread. The waiter responded in the best bureaucratic fashion that the hotel only served toast. Without missing a beat Heinz responded “Okay, then bring me a piece of un-toasted toast.”

This example typifies his incredible quick wit and incisive intelligence. By the way, he did succeed in getting the piece of bread, but I have no doubt that he was the last guest in that hotel to ever get away with it. The waiter was probably sacked summarily.

I treasure my relationship with Heinz although it is unfortunate that we see so little of each other these days. One would like to change that dynamic, but family obligations and travel schedules can be difficult to mesh.

Nonetheless, “Heinz stories” are so common around the Citibank alumni circuit that one feels as if there have been many get-togethers.

I would like to not only extend my congratulations on Heinz’ 70th birthday, but I also take this occasion to thank him for the enormous contribution he made to my success at Citibank over a 27 year career.

In the truest sense of friendship and the warmest of regards,
Mike Callen

[6] One of my favorite poems from the German poet Eugen Roth:

Ein Mensch, der von der Welt bekäme
was er ersehnt, wenn er’s nur nähme,
bedenkt die Kosten und sagt ‘Nein’.
Frau Welt packt also wieder ein.

Der Mensch, nie kriegt er’s mehr so billig,
nachträglich wär’ er zahlungswillig.
Frau Welt, noch immer bei Humor
Legt ihm sofort was anderes vor.
Der Preis ist freilich arg gestiegen.
Der Mensch besinnt sich und lässt’s liegen.

Er spielt das Spiel von Wahl und Qual
Ein drittes und ein vieres Mal.
Dann endlich ist er alt und weise
Und böte gerne höchste Preise.

Jedoch sein Anspruch ist vertan,
Frau Welt, sie bietet *nichts* mehr an.
Und wenn, dann lauter dumme Sachen,
die nur der Jugend Freude machen,
wie Liebe und dergleichen Plunder,
statt Seelenfrieden mit Burgunder.

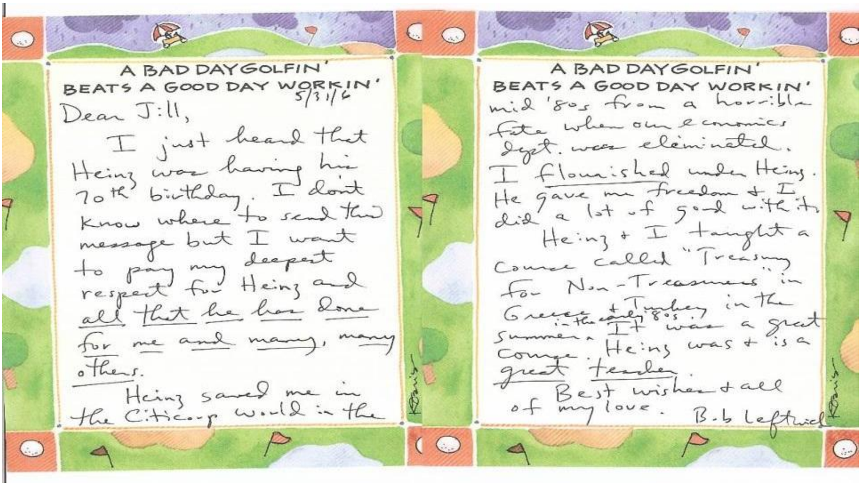
[7] Renate and Jacques Levy, Mexico City

We wouldn't let this day go by without our best wishes for the GEBURTSTAGSKIND, hoch soll es leben!

Our lives are richer because of Erinnerungen an Heinz.

In alter Verbundenheit, Renate und Jacques Levy

[8] Bob Leftwich, Chief Economist at Citibank, New York



A BAD DAY GOLFIN'
BEATS A GOOD DAY WORKIN'

5/31/6

Dear Jill,

I just heard that Heinz was having his 70th birthday. I don't know where to send this message but I want to pay my deepest respect for Heinz and all that he has done for me and many, many others.

Heinz saved me in the Citicorp world in the

A BAD DAY GOLFIN'
BEATS A GOOD DAY WORKIN'

mid '80s from a horrible fate when our economics dept. was eliminated. I flourished under Heinz. He gave me freedom & I did a lot of good with it.

Heinz & I taught a course called "Treasury for Non-Treasurers" in Greece & Turkey in the summer in the early 80's. It was a great course. Heinz was & is a great teacher.

Best wishes & all of my love. Bob Leftwich

[9] Mike Katz, EVP, Commonwealth Bank of Australia, Sydney

Just a few moments which will live forever in my memory.

In about 1979 Heinz came to Geneva to teach at Centre d'Etude Industrielle. I had arranged that he would join us in our chalet in the mountains above Lausanne for the weekend. We drove up on Saturday morning and after we unpacked, Heinz and I set off to walk the 7 kms into the village. It was a late autumn day and fresh without being cold. We arrived at the village and sat down to a plate of local sausage, cheese and pickles. A bottle of the local white wine, which when drunk in the mountains is always perfect but tends to taste like paint-thinner anywhere else, completed the afternoon. Both Heinz and I felt that we were very close to heaven that afternoon as the sun set over the mountains and we headed back to the chalet across the pass from one valley to the next.

The second time we did a similar thing Heinz was teaching in a hotel just above Montreux. I was working in Zurich and drove down to chat for a bit with Heinz. We sat on his balcony looking out over the lake and talked for hours as we ate and drank more of that Swiss white wine. The view of Lake Geneva from the hotel was again pure poetry and the combination of the wine and the company made the afternoon unique. The spell was broken driving back that night when I had to go through what was undoubtedly the worst rainstorm I have ever seen.

Finally a few years ago I came to New York in September one year and Heinz and Jill invited me to their Country Club in Connecticut. It was lobster night and Heinz and I made a sterling attempt to finish the lobsters and drink the cellar dry. Never before or since have so many crustaceans been sacrificed for such unworthy folk. I have to say that Jill kept pace remarkably well and that again the night was perfect.

When I look at this I wonder if Heinz did not have special relationship with someone to achieve such perfect weather every time. I hope his golf has reached the same standard as his tennis and that he and Jill are still enjoying all they have together.

Michael Katz

[10] Rita Rodriguez,
Former Professor, Harvard Business School
Former Vice Chair, U.S. Export-Import Bank
Co-author of my first two books

May 10, 2006

Dear Heinz,

Time has passed since the last time we met, but the memories of our collaboration and the times we spent together are still fresh in my mind.

You were born a teacher and I learned much from you, not only about exchange markets but also about teaching. For this I thank you. But my highest appreciation goes to the friendship that developed between the two of us throughout the years when we often consulted one another in the personal decisions we were making at the time.

In recent years our paths have not had an opportunity to cross much – perhaps we can do something to remedy this situation in the future – but I still value your friendship very highly.

Wishing you all the best in your 70th birthday for many years to come,

Fondly,
Rita

[11] Don Howard, Former Chief Financial Officer, Citibank

I am delighted to put on paper some of my thoughts about Heinz.

He has several unique gifts (it is unusual for a person to have *one* truly unique gift and he has at least two!):

He is one of the most effective teachers I have ever known (I spent four years at the Harvard Business School, two as a student and two on the junior faculty, so I observed some of the best);

He has a gift for evaluating the future potential of individual traders; he has the ability to develop effective reporting processes; and he is a wonderful human being. He is a class act!

In the early 1960's in Frankfurt, Heinz hired three young men traders, Ernst Brutsche, Eddie Gieger and Fritz Menzel to work in the Citibank trading room. Individually and collectively these men became among the most successful traders in the world. They founded the core of Citi's world-wide dominance in foreign exchange trading, which still exists. Heinz can rightfully take credit for creating one of the pillars of Citi's profitability for over four decades.

Heinz loved to teach young aspiring traders and he did a superb job. He taught the basics and strategies and, most importantly, appropriate ethical behavior. They learned from Heinz, then went to junior positions in major trading rooms and then established their own careers, all thanks to Heinz. Heinz had the gift of spotting high potential among the trainees and he looked after their careers at Citibank like a parent might. The individuals benefited and so did the bank, big time!

Heinz developed the reporting formats which enabled senior management to be comfortable in delegating large responsibilities to the local traders. This enabled the traders to take on more responsibility, to grow, to act more quickly, provide better service and capitalize on market opportunities.

As a result of his remarkable teaching abilities, Heinz has a net work of contacts throughout the business and academic worlds that is quite astounding. He has earned and maintained the respect of Heads of Central Banks, professors, bankers galore, and literally thousands of former students, including one that he had the good sense to marry!

It has been my pleasure to know, work with and be a colleague of Heinz Riehl.

CONGRATULATIONS, Heinz, on reaching this milestone and being able to look back over your career and life with the satisfaction of knowing that you have done extraordinary things.

Don Howard

[12] Linda Cuatico, Citibank Singapore,
My assistant in Manila in 1976

Dear Heinz

I believe it is exactly 30 years ago when we first met in Manila in 1976.

I was the shy one wearing a green dress and shiny pumps, as you reminded me.

I thank you for the many privileges you have given me – to be your assistant when you were our Asian Regional Treasurer in Manila, to have "co-founded" and run the Bourse Game which is still being offered today, to take a big bet on me and give me the opportunity to work overseas as the Country Treasurer in Taipei AND making all of that happen by meeting my parents – remember the lunch we had together? After the lunch you said it felt like you were asking for my hand in marriage. My parents appreciate very much that you cared enough to meet with them.

Who would have thought that that first step out of Manila in 1979 would lead to so many other assignments including working in New York with Don Howard, and that I have not gone back to work in Manila ever since?

Dear Heinz, I thank you for your guidance all these years. Its been my great privilege to have you as my boss, my mentor and my friend. For all these privileges you have given me which I cannot repay, I only hope that I have not let you down.

I wish you a very, very happy birthday and a great celebration with your family and friends. I will be with you in spirit. I send you wishes for good health, peace, contentment and happiness.

May you always have blessings come your way.

HAPPY BIRTHDAY dear HEINZ!!!!!!

Lots of love
Linda

[13] Tom Bergen, Former Managing Director, Citibank New York

Hi Janine,

Here are a few anecdotes which may add some color to the book you are preparing.

BUSINESS HUMOR

In either 1981 or 1982, when your Dad was responsible for Foreign Exchange, Treasury and Corporate Counseling and, of course, the large trading room on the 7th Floor at 399, his direct reports took him out to lunch for his birthday.

Unbeknownst to me, the other three guys had arranged for a singing telegram to come to the trading room for when we retuned from lunch. Upon returning to the Trading Room, which was quite large and packed with traders, your Dad stood at the FX Desk, when a very large woman in a bright red dress approached him and said in a loud and high pitched voice, "Are you Mr. Riehl?"

Now, most people at that point would have realized that something was up and would either had headed for the hills or would have turned beet red. As if this woman could have been just a normal visitor to the dealing room, your Dad, simply, said, "Yes", expecting her to announce her business. At that point, she began singing 'Happy Birthday' in a loud voice and, while singing, bumping her behind with his behind to the beat of the song.

After completing the song, she took her bright red mouth, just caked with red lipstick, and kissed your Dad on the mouth. When she finished he had this large red mark all around his mouth. He looked like a famous clown from the circus. The trading room was in an uproar.

I had a visitor standing at my desk who could not restrain his laughter. Your Dad, of course, took all of this with his usual good sense of humor. Another Senior Vice President, not on the trading floor at the time, having heard of this experience, instructed his secretary to guarantee that this would never happen to him.

Again, in the early 80s, your Dad was interviewing for a new secretary. While I was in his office, he placed a call to a potential candidate. It was clear that the person who answered was not this person, and this candidate was out of the office. Your Dad instructed the person on the phone to advise the candidate that he had called. As he always did, he said, “Tell her that Heinz Riehl called. That’s R - I - E - H - L, L as in London.” The next thing I hear him say is, “No, I am not calling from London, I spelled my name. Just give her the message.”

Your Dad and I had lunch one day in a Swiss restaurant which was located in Citicorp Center. At the conclusion of lunch, I wanted a coffee. Your Dad wanted an espresso and a Sambuca and he, also, wanted the waiter to bring the check. He instructed the waiter to bring me the coffee, bring him the espresso and the Sambuca and the check. Only your Dad, who treasured accuracy in communications as he did, would then say what he did to the waiter, “So, coffee, espresso, Sambuca, check.”

One day I was out ill and I received a call from one of my subordinates who was complaining about a criticism he had just received from your Dad. Apparently, as he was accustomed to do, your Dad called this trader and requested a piece of information. The trader said that he would be back in five minutes. When the trader reverted in ten minutes your Dad read him the riot act for being five minutes late. When the trader called me to complain, I, simply, advised him that he should not have promised five minutes if he could not deliver on the promise.

ON A MORE SERIOUS NOTE

I have known your Dad for 33 years. He is a good and dear friend.

There is, usually, agreement that serendipity*, or chance, has a great deal to do with success in life. In fact, a recent book entitled, “Fooled by randomness”, establishes that chance influences almost every successful situation.

In late 1973, I was a junior clerk in the Operations area for the Eurodollar Desk. Apparently, although I had not yet met your Dad, he had heard of me and was impressed with my performance in the Operations Area. He was, at that time, looking for new traders to work on the growing Eurodollar Desk at 399 Park Ave. Following a Christmas season lunch which your Dad hosted and at which he introduced himself to me, he and I walked back into 399 and as we headed up the escalator he said to me, "We're going to take good care of you". For a young, aspiring, and relatively inexperienced man to hear such a commitment from a Senior Executive, like your Dad, it was a defining moment.

The rest is history for me, but your Dad's early involvement in my career unquestionably, placed me on a track that I, without a doubt, would never have been.

While I have worked with many good, decent and highly professional people during my career, your Dad taught me how to think "business" and the importance of assuring an understanding of the questions and issues, no matter how many times one must ask before accomplishing that goal.

My wife, Linda, and I do not see enough of your Dad and Jill, but, thank heavens, we usually see them a couple times each year and it is always a great time out, talking about old stories and about what we are all doing in retirement.

I wish nothing but the best for your Dad who was an important person in my life.

* Serendipity is defined as "an apparent aptitude for making fortunate discoveries accidentally".

14 Gretchen Greene Yeo,
Former SVP Foreign Exchange,
New York Federal Reserve Bank

Heinz, news of celebration of your 70th Birthday has made it all the way to the boondocks here in Lowellville, OH. And well it should. You have much to celebrate. Congratulations!

We came to know each other during the course of our careers in foreign exchange. Our relationship was sown on unpromising soil. We worked for two different institutions within the banking industry, each viewing the other with a combination of distrust, suspicion and awe. In fact, it was a problem that brought the two of us together for the first time. Notwithstanding the poor soil, the seed took root. What emerged was a longstanding friendship that was both professional and personal. Together, we collaborated on many projects. We both had developed foreign exchange trading simulations for training purposes, but with different objectives. We shared our experiences, gave presentations at each others' seminars, and you generously made space at your seminars for some of our traders. You spent one long grueling evening trying to help me improve my presentation style. For me, that was a rare gift, because I thought of you as a master presenter. I got you to join the Fed's Foreign Exchange Committee, and you were the first representative from your bank to make membership a meaningful endeavor. For that I was enormously grateful. Before long, I got you to serve as Chairman of that Committee. In that capacity you and I sought to eliminate the practice of "brokers points" in foreign exchange long before New York's Attorney

General, Eliot Spitzer, went after essentially the same practice in the insurance industry.

There are a couple of characteristics I came to recognize in you. For one, you acted on the belief that most of the small annoyances that crop up between people or between institutions can be resolved if both sides take the time to understand the other's point of view. For me, you always took care to listen. In a group situation, such as when debate got heated in the Foreign Exchange Committee, you were able to find commonality in each contesting person's position. For another, you sought balance; not only did you work hard, but family and personal interests were essential parts of your life. While Chairman of the Foreign Exchange Committee you insisted we have a little fun, and invited the group for a meeting at your tennis club. It was clear that you expected everyone to play tennis. And even though we all had to conform to your pre-established tournament rules, we all had fun.

Thank you very much for your friendship. Have a great birthday!

Gretchen Greene Yeo

[15] Stephan Bub, New York
Former EVP HypoVereins Bank, Munich / New York

Dear Jill, I have the following stories:

1. Heinz the mentor

I met Heinz the first time at the Foreign Exchange Committee of the Federal Reserve Bank in New York. He was an accomplished seniormember of this committee (Chairman), while I was a junior representative of a German Bank. Heinz went out of his way to include and introduce me to the gods of FX.

2. Heinz the singer

I will always remember the Christmas Parties of the "Deutscher Verein" in New York. As the evening progressed Heinz became visibly more excited. Reaching the culmination of the evening, I finally understood: Oh Tannenbaum .....

3. Heinz the story teller, poet, and joker
und da haut er auf die Klapperschlang
bis ihre Klapper schlapper klang...

This one could have come from Heinz.

He is a never ending spring of riddles, poem, stories and jokes which he seemingly enjoys as much as his audience.

Jill, what a piece of work Heinz is, what a great person.

Best wishes

Stephan

16 Ingo Walter, Professor, New York University & INSEAD – My mentor in teaching

I have two recollections of Heinz that stuck in my mind.

First was his mother, and his remarkable devotion to her, which those of us who considered him an academic colleague, were able to learn about from Heinz himself as well as to observe first-hand when she accompanied him on various teaching gigs.

I decided early on that his mother has everything to do with his success, and on top of that was a delightful lady with a subtle sense of humor. I think I was able to stay on her good side pretty much permanently, which produced some great memories over the years.

Second was Heinz's purposefulness – “der Panzer”, as some of the students liked to call him when he wasn't around.

Heinz always had things worked out in careful detail ahead of time – whether it was his teaching program (guaranteed to start and end precisely on time and cover precisely what was scheduled), or his effort to obtain academic certifications relatively late in life, or his acceptance as a valued adjunct professor, or his remarkable generosity in endowing a chair at New York University – the first and only time that has been done by an adjunct member of the faculty. Whenever an e-mail or fax arrives from Heinz, there is always a clear purpose and laser-like plan for achieving it. There is never any BS.

And he always saves his (pretty good) risqué jokes for the right social settings, out of the earshot of those obsessed with political correctness.

All the best,
Ingo

[17] Norman Berman, Former Dean of Executive Education at New York University

Heinz has been a great success in all he did.

I know him in a narrower perspective as the dean of executive education at the Stern School of Business, New York University when he was teaching in the program.

At Stern he was a wonderful teacher, having been nominated for the "Excellence in Teaching" award by his students several times and the winner at least once.

Heinz was a master of his subject matter, but I would also assign him in particular situations where ability to bring a class to a high level and good spirit was important. He bonded with his class and they sought him out after class for convivial conversation.

I remember one anecdote that describes him. One day, I was standing next to him outside the classroom for his 8:30 am class. It was about 8.35 and some students were not there. Heinz exclaimed, "Where are these people, don't they know I have a German passport!"

Norman D. Berman
ndberman@nyc.rr.com
212.486.7443

[18] Janet Vitebsky, New York University, Exec. MBA Program

I am traveling in Patagonia right now, my mind is blank after several extremely relaxing days, and I am working on a pretty slow computer but here is my favorite experience with Heinz.

I met Heinz a few months after starting to work at Stern Executive Programs. I was still nervous and still learning the job. Heinz was very supportive and would never let me say anything negative about myself or even hint at the idea that there is something that I can't do.

I once mentioned that his subject matter (International Treasury Management) was a little bit above my understanding and he waved his hand, as if to gesture "nonsense" and acted as if I just said the silliest thing in the world. He then went on to give me a clear explanation of something he teaches and how easy it would be for me if I wanted to learn it.

He also told me the most inspiring story that has stuck with me for these years. It was about a student who came late to class for an exam. The exam was distributed and there was an additional question on the board. He completed the exam, but couldn't quite get the answer to the question on the board. He kept working on it and working on it and eventually brought the solution to his professor. He told the professor that he had a really hard time with this but was persistent until he figured it out.

The professor was in shock. He had put that question on the board at the beginning of class as an example of a problem that cannot be solved. It has never been solved and the general consensus by the scholars involved was that it was not solvable. The student missed this introduction because he was late, and not knowing it was an unsolvable problem, he went ahead and solved it.

I think that this story is so powerful and inspiring that really anything can be done if you believe it can be. I am so grateful to Heinz for telling me that story and for his friendship and support the past few years.

Janet Vitebsky

18a Claudia Santurio Volpi,

Former Student, New York University, Class of 2000

Heinz was my professor in the Executive MBA program at NYU Stern.
I cannot believe he's 70!

I would go even farther to say that he was my favorite professor ever – I had had quite a few in my many years of study, but he was fun, enthusiastic, dedicated and oh so charming.

We stayed in touch as I later met up with him again while in sales and trading training at Chase Manhattan Bank – and even corresponded once I left banking, to become a wife and mother.

I'm happy to be included in this memory book
and I am sure that he will absolutely love it. Best regards –
Heinz, thanks for challenging me and making it fun, and for always helping us to see the bright side of things with your infinite optimism and charm.

Happy Birthday,
I wish you many more years of happiness and good times.

Claudia Santurio Volpi (Finance 2000 – Stern)

19 Mary Davis, London

Jill's best friend at Chemical Bank

Dear Heinz,

I knew my best friend was in trouble when I heard your deep, sexy German accent on the phone. You were charming and witty and made me feel as if you wanted to take me out! But it was not to be, you were only interested in my beautiful, intelligent, fun and loyal friend Jill. Being the point of contact for each of you was exciting and nerve racking – I had to get all the arrangements right! At the time you were a high powered banker working for a rival bank where Jill and I worked and met and your name would be recognized if you left a message with just anyone. That's where I came in. My friendship with Jill was cemented after a farewell drinks party at a well-known Irish bar in downtown Manhattan. That story will only be told when Jill reaches 70! Now back to you, Heinz.

Shall I be old fashioned and say you swept her off her feet? Yes, I shall. She would never admit to you – or herself – this was the situation, but I knew. Heinz, you invited me to join you and Jill for dinner one night to thank me for my help. It was wonderful to see you both so happy and in love. Even being the third wheel, you made me feel welcome, important and appreciated. To this day to my astonishment, you even remember what color I wore that night!

Our friendship grew during your relationship with Jill and you both even spent Christmas Day with my family and me at our home in New York before I headed off on my first Foreign Service assignment in Amman, Jordan. Sadly I missed your wedding day, but my heart was with you. I have many more wonderful memories of you but this is the one that rises to the top.

We don't see each other often as I live in London most of the year with my terrific husband, Peter, and our two daughters. When we are in Florida, you are in North Carolina! When you are in Florida, we are in London! When we met in London last year it felt as if it had only been weeks, not years since we spent time together. I know this will always be the case. Please continue to appreciate, love and take care of my best friend, Jill, as you have done for all these years.

Heinz, I wish you the best birthday ever with lots of love and happiness to last till you're at least 100!

Much love,
Mary

[20] Die alte Waschfrau

Adelbert von Chamisso

Du siehst geschäftig bei dem Linnen
die Alte dort in weißem Haar,
die rüstigste der Wäscherinnen
im sechsundsiebenzigsten Jahr.
So hat sie stets mit sauerm Schweiß
ihr Brot in Ehr und Zucht gegessen
und ausgefüllt mit treuem Fleiß
den Kreis, den Gott ihr zugemessen

Sie hat in ihren jungen Tagen
geliebt, gehofft und sich vermählt;
sie hat des Weibes Los getragen,
die Sorgen haben nicht gefehlt;
sie hat den kranken Mann gepflegt,
sie hat drei Kinder ihm geboren;
sie hat ihn in das Grab gelegt
und Glaub' und Hoffnung nicht verloren

Da galt's, die Kinder zu ernähren;
sie griff es an mit heiterm Mut,
sie zog sie auf in Zucht und Ehren,
der Fleiß, die Ordnung sind ihr Gut.
Zu suchen ihren Unterhalt

entließ sie segnend ihre Lieben,
so stand sie nun allein und alt,
ihr war ihr heitrer Mut geblieben.

Sie hat gespart und hat gesonnen
und Flachs gekauft und nachts gewacht,
den Flachs zu feinem Garn gesponnen,
das Garn dem Weber hingebracht;
der hat's gewebt zu Leinewand.
Die Schere brauchte sie, die Nadel,
und nähte sich mit eigner Hand
ihr Sterbehemde sonder Tadel

Ihr Hemd, ihr Sterbehernd, sie schätzt es,
verwahrt's im Schrein am Ehrenplatz;
es ist ihr Erstes und ihr Letztes,
ihr Kleinod, ihr ersparter Schatz.
Sie legt es an, des Herren Wort
am Sonntag früh sich einzuprägen;
dann legt sie's wohlgefällig fort,
bis sie darin zur Ruh sie legen.

Und ich, an meinem Abend, wollte,
ich hätte, diesem Weibe gleich,
erfüllt, was ich erfüllen sollte
in meinen Grenzen und Bereich;
ich wollt', ich hätte so gewußt
am Kelch des Lebens mich zu laben,
und könnt' am Ende gleiche Lust
an meinem Sterbehemde haben.

[21] The Old Wash Woman
by Adalbert von Chamisso

You see busy with the laundry
the old woman with the white hair,
the strongest of the wash wives
in the 76th year of her life.
She always worked hard
and earned her bread with honor and discipline
and she fulfilled faithfully all duties
which God had assigned to her in her circle of responsibilities.

In her young days
she loved, hoped and got married;
she endured the fate of a wife,
and there was no shortage of worries.
She took care of a sick husband,
she gave birth to three children.
She buried the husband
without ever losing faith and hope.

Now she had to provide food for the children,
which she did with joyful courage.
She brought them up with respect and honor;
and her guiding ideals were duty and order.
She blessed her loved ones
as they left her to live independent lives.
Now she was alone and old.
However, she had not lost her joyful courage.

She saved money and thought about
How to buy textile material and spent nights awake.
She used the scissor and the needle
and sewed her own shirt in which she would be buried.
This was her most valuable treasure.
She kept it in her closet and wore it to church on Sundays.
Then she carefully put it back into the closet
Until she would one day be buried with it.

And when my last hour arrives,
I wish that I just as this woman
have fulfilled what I was supposed to have fulfilled
within my area of responsibility.
I wish that I knew equally well
how to enjoy the cup of life
and could have equal joy with my last shirt.

[22] Phyllis Novak, Jill's mother

May 20, 2006

Dear heinz,

People enter your life, and some become a part of it.

You entered our family and have become a deep part of it.

Your devotion as a husband, your concern and generosity for your children and grandchildren have set you apart.

Your generosity and kindness to others, including myself, have made life so much easier.

Your children are my children, your grandchildren are my grandchildren.

And, perhaps the best gift of all you have given to me is the wonderful family I have inherited.

I wish for you a nice pleasant life, with a future that is filled with the joys of living, surrounded by your family and friends.

With all my love,

Ma

[23] James Kemp,
FX Head of Citibank, New York

Jill,

As you know, Heinz was considered one of the "Godfathers" of foreign exchange, having written the seminal textbook on the subject, and was something of a legendary figure.

On one occasion he was introduced to one of my junior FX traders, who was somewhat awestruck and said "You're Heinz Riehl?" Heinz replied, "Yes. I wrote THE book." This has always stuck with me, as it spoke volumes about Heinz' stature and reputation in the markets and the justifiable pride he took in his achievements.

He can honestly say he was there at the birth of an industry and helped to shape its future.

I have the utmost professional respect for Heinz and have always valued the thoughtful and balanced advice he has given me. Moreover, it has always been delivered with an old world charm and courtesy that we see far too little of these days. In the most positive sense of the word he is a "Gentleman".

Sue and I wish him a wonderful birthday celebration and continued health and happiness.

Warm regards,

James.

[24] Beatriz Rincon Young, Citibank, New York

From: Bea Young beatriz_young@yahoo.com

I have so many memories of Heinz that it is hard to select a specific one.

Meeting him at the very beginning of my professional life led to, without a doubt, my becoming a confident and gratified adult. Heinz was not only a professional mentor, he was also a protective father-figure after my move from Caracas to NYC.

To be sure, Heinz did teach me almost everything I know of banking. He believed in me when he pushed me to get my MBA, created scores of opportunities for me and gave me career advice.

The things that I will always remember learning from him, though, are of a different nature:

Never stop learning – Always try to achieve the third level of understanding.

Work hard. Have fun. Celebrate life.

Manage your personal risk – cross the street when you see thugs coming your way!

Read the paper early – you never know who's going to get in the elevator with you!

Fight the bully, gently...

Look out for “small details”

Be on time!

Don’t forget about family

When Heinz offered me to come work with him in NYC, a couple of people cautioned me and tried to deter me from accepting. Heinz had a reputation of being a very tough, difficult and intimidating boss... and we all know he can be, at times, brutally honest – which, strangely enough, was one of his qualities that I learned to rely on.

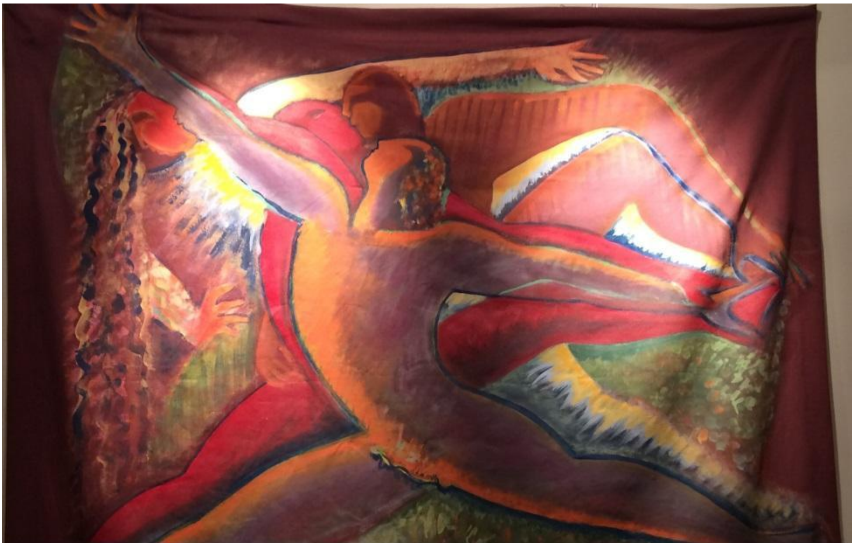
Knowing the risks, I accepted the job and moved to NYC and learned the most important lesson of all.... 'Some risks are worth taking – just make sure you understand it!'

Heinz, I know you took a risk on me too and I thank you for believing in me.

I can only hope that I've made you proud, like Eliza with Professor Higgins.

Happy 70th Birthday!

[25] Sacre du Printempes (Spring – the Rites of Spring)



26 Kaarlo Jännäri, Central Bank of Finland, Helsinki

Sometime in the early 1990's I participated in a course on Risk Management in Banking at INSEAD, the famous institution for management etc in Fontainebleau in France. This dullest and most technical of subjects is not something that one would expect to find exciting. So my expectations of the course were that it would be very high standard, professionally very useful but humorless laboring with technical details and monotonous lecturing from dull academians.

To my great positive surprise things turned out very differently on the last point. It was not boring, not humorless , and not even too technically laborous. The lecturers were all of the highest quality you can find on this planet and they all could share their knowledge with others in an enthusiastic way that made it easy to learn and appreciate new aspects in the intricacies of risk management in the global financial market. One of the lecturers, however, outshone all the others in his dedicated, even flamboyant, entertaining and extremely educating style. He made it fun to learn about how options are priced and how different derivatives products can affect your risk portfolio and how responsible and professional risk management should be run. That person was, you guessed right, Heinz Riehl.

This jovial, atypical, but also typical at the same time, German with American manners and figure of speech. It was somehow just incredible, that someone could make a subject like risk management and derivatives pricing interesting even "sexy".

After my return from the course to my job, at that time the Head of Financial Markets Department at the Finnish Central Bank, the Bank of Finland, I soon contacted Heinz to find out whether he would be interested in giving a course on risk management at the Bank. He agreed and since then he did numerous courses at the Bank and also in the Financial Supervision Authority, to which I had been nominated as Director General in 1996. I know that he also got clients also from the private sector in Finland as his reputation moved from mouth to mouth.

This led to frequent opportunities for me to meet with Heinz and we soon became good friends. I learnt about his childhood in the war ravaged Germany and the life of their family in the Bakery business. How he by chance got employed by Citibank in Germany and how this led to his outstanding career in the headquarters in New York.

He got to know my wife Hilkka and visited our home. We met his wonderful mother, whom he had taken along for a trip to Finland. And then we, of course, met with his glamorous wife, Jill – a lady of outstanding qualities and professional skills matching Heinz'.

While in New York on a visit with my son Julius, Jill and Heinz invited us to their beautiful home in Connecticut (the word he taught us how to pronounce) for a magnificent Thanksgiving Dinner (even if it was not Thanksgiving Day). He and Jill were marvelous hosts and Julius was most impressed by the Limousine service that Heinz had arranged to transport us from and to our Hotel in Manhattan. My oldest child, Jenny, also got the benefit of enjoying Heinz' hospitality, although indirectly. When in Georgia as an exchange student she, when visiting New York at a time that Jill and Heinz were out of town, was entertained by Heinz' son and his friends. Jenny was most impressed and felt embarrassed that she was not allowed to pay for any of the food or other expenses when going out with them into "fancy places". She was somewhat relieved when she was told that the expenses were on Heinz and not the young people. So on Jenny's behalf I thank Heinz for that.

There are more things I could tell about Heinz and what an outstanding person he is, but I better stop here so as to make room for others to praise him.

Good luck, many happy returns on your 70. Geburtstag, Heinz mein Freund,
Kaarlo and Hilkka Jännäri"

[27] Dr. Oskar Mennel,
Publisher at Vienna University, Austria

Für mich war Heinz einer der ersten Top-Führungskräfte, von denen ich überzeugt war, dass sie eine Atom-Batterie eingebaut haben.

Ich hatte zuvor kaum einen Menschen kennen gelernt, der so vital, so motorisch von Morgens bis in den späten Abend Entertainment, sei dies in seinem Fachbereich, oder privat, geboten hat.

Seine geistige Datenbank an Kalauern prädestiniert ihn fast, in das Guinness-Buch der Rekorde zu kommen. Leider merke ich mir diese geistigen Blitze nicht so leicht. Mit einem seiner Sprüche habe ich jedoch im Freundeskreis mehrfach gepunktet, ohne dafür dem Heinz eine Copyright-Lizenz gezahlt zu haben:

"Oh wie erquickend und wie labend ist so ein Koitus am Abend.
Jedoch das höchste der Genüsse, an einem Abend, zwei Koitüsse."

Diese Wertewelt – in Verbindung mit einer so charmanten und "highly sophisticated woman" wie Jill ist wahrscheinlich auch der Grund der ewigen Jugend unseres großen Vorbilds "Heinz Riehl".

In diesem Sinne, die besten Glückwünsche zu diesem bedeutenden runden Geburtstag – verbunden mit dem Dank für die verschiedenen Aktivitäten, die Du für östereichische Institutionen geleistet hast, und für die ich verantwortlich war.

Auf die nächsten Dekaden – Gesundheit und viel Freude wünschen Dir herzlichst

Dein
Oskar und Evelyn

Dr. Oskar Mennel,

Publisher at Vienna University, Austria

(Translation into English from the original German contribution)

For me Heinz was one of the first top-leaders of whom I was convinced that they had a build-in nuclear-powered battery.

Prior to meeting Heinz I had never known anybody, who provided entertainment with such engine-like vitality from early morning until late evening in both his professional field as well as socially.

His reservoir and variety of proverbs and stories almost make him eligible for the 'Guiness-Book of Records'.

Unfortunately I can not easily remember those 'mental lightnings'.

However, one of Heinz' sayings always made me look good among my friends, even though I never paid Heinz any royalties or copyright fees for it:

"Oh how refreshing and rejuvenating
to make love once in an evening.
However, even more nice –
make love in one evening twice!"

A world of such values, together with a charming and sophisticated wife like Jill, is probably the fountain of eternal youth for our great idol "Heinz Riehl".

Many thanks for the various activities you performed for several Austrian Institutions, which I had the pleasure to organize.

Our best wishes for this round birthday.

For the next decades we wish you good health and lots of fun

your friends
Oskar und Evelyn

Dr. Oskar Mennel
General Manager

Appendix
Part Three

[1] Barbara Robinson, Consultant to Citibank

TO HEINZ: TEACHER, COLLEAGUE, AND FRIEND

The first time I met you in your impressive office in Citibank, New York, when we began our original collaboration on the Market Risk workbook, I was
Elated and
Awed and somewhat nervous. What did I know about managing market risk? How could such a busy man have enough time to teach me all I needed to know, and with enough depth, so I could reproduce the lessons for others?
Citibank in New York was a long way from my little office in Southfield, Michigan.
Heinz, you were incredible. You were a gifted and patient teacher and you made it easy for me to produce a quality product. Your stories and examples are
Enlightening, often entertaining, and usually profound. Mr.
Riehl, I salute you as a communicator and educator par excellence.

Could I transform the workbook into a book to be published? That's what you asked of me a few years later.

Oy! I'm sure you recognize this Jewish expression that covers many, many situations. In this context, it means, "Do I have the chutzpa to say yes?"
Little did I know at the beginning what a glorious adventure it would be. The project
Literally saved my life during a life-altering crisis and the results are a source of pride for both of us. I will be
Eternally grateful to you for having confidence in our ability to work together and for giving me the opportunity to assist you with the book.
Amazing is what you are for persisting in all of your many projects. And
Glad am I that you call from time to time for assistance.
Unless I suffer from senility at some point in my life, I always will remember the "Grandmother Story" that illustrates how "just making money isn't enough."
Everyone should meet someone in their work life who inspires them to be the best that they can be. You have done that for me.

Finally, but not least of all, you have been a wonderful friend over the years. Though we don't see each other often, you always have been kind, caring, and a source of strength. You are
Riehl (real), that is, genuine, sincere – the real thing, a champion at living life to its fullest and inspiring others to do the same.
I feel blessed to have known you, and I hope that at the end of our current project, we will always find a way to keep in touch.
Even if it doesn't work out that way, you will wander into my thoughts from time to time and I will smile and feel really good as I enjoy reminiscing.
Now is the time for me to wish you a very **HAPPY BIRTHDAY** and
Dozens more years to be enjoyed in the best of health with your wonderful Jill.

Fondly,
Barbara Robinson

[2] Dick Herring, Vice Dean, Wharton School, Philadelphia

Dear Heinz,

I'm delighted to be able to participate in some small way in this celebration of you 70th birthday.

I have had the good fortune to observe you in action as a teacher a number of times over the years with audiences ranging from undergraduates to some of the most important CEOs in the world.

In every case you have been clear, engaging and insightful.

But what sets you apart from everyone else I have ever worked with, is your incredible ability to budget your time. Not only have you been able to estimate precisely how much time you need for each concept, but also you have been able to meet your estimates with dazzling precision. I've learned a lot from you over the years, but that's a skill I may never master.

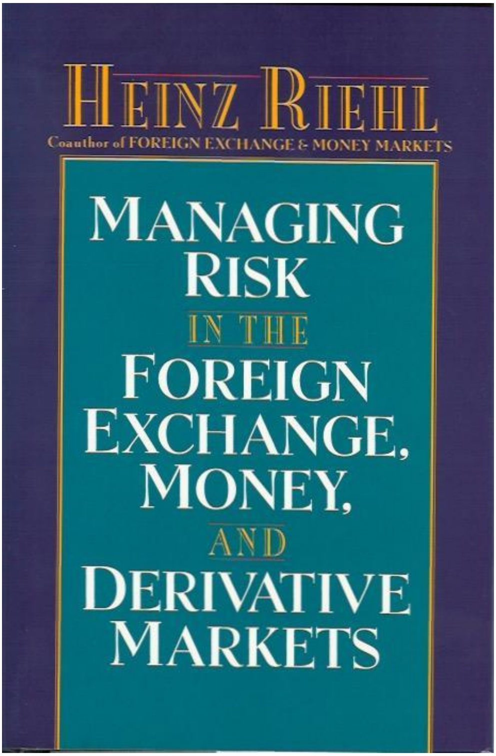
With best wishes for a happy birthday,

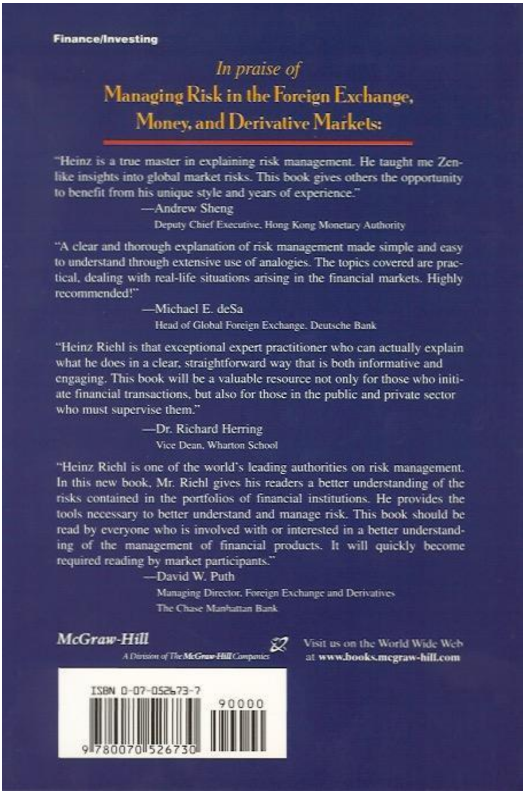
Dick

Richard J. Herring

Jacob Safra Professor of Internation

[3] Front and back cover of my last book





[4] Dino Kos, Federal Reserve Bank of New York

FEDERAL RESERVE BANK OF NEW YORK
NEW YORK, N.Y. 10045-0001
Dino Kos, Executive
Vice President

Heinz is one of a kind! But that's hardly news to anyone who knows Heinz. If anything that is an understatement.

In thinking about Heinz I could not think of a single event or single incident that sufficiently captures his extraordinary range, his style, and his intelligence. So I'll merely list three episodes from my friendship with Heinz that can, in the end, only begin to reflect his many qualities.

First, Heinz was (and is) a teacher. In fact I first met Heinz slightly over 20 years ago when I was a student at NYU and he was teaching his international treasury class. It was among the most interesting classes I took and influenced my choice of careers. But Heinz also taught within Citibank and later with other groups of young foreign exchange traders in New York and overseas. And let's not forget the textbook he wrote which many financial types in my generation still have as a reference.

Second, Heinz was a statesman in our financial markets. This now takes me a few years later to the early 1990s when I was put in charge of the Fed's foreign exchange desk and Heinz was a member of the Foreign Exchange Committee. Heinz had already served as the Committee's chairman and now was contributing to pushing the boundaries of the Committee's work, and thereby adding to the knowledge and professionalism of the marketplace as a whole. We are all better off for his contributions.

And third, there is Heinz the American statesman. Yes, we all know Heinz has that distinctive and distinguished German accent. But we also know he is an American. My third vignette of Heinz was in 1998 when I asked Heinz if he would be willing to serve as an expert witness for the Fed. The New York Fed was being sued at The Hague by the government of Iran over how we invested their funds after Iranian assets were frozen in 1979 in the aftermath of the hostage crisis. Heinz kindly accepted the challenge. And what a job he did. His simple, clear, and logical explanations left the Iranian side speechless and without response. You know who prevailed! It was Heinz the teacher, Heinz the financial expert and Heinz the patriot coming together in a single moment.

I am proud to consider Heinz a teacher, a guide and a friend. We need more people like him!

Congratulations Heinz – you are the youngest-looking 70-year old I know.

All the best, Dino

[5] Birthday Letter from Andrew Sheng,
Former Deputy Governor Hong Kong Monetary Authority

I first met Heinz in the 1980s when he was with Citibank in risk management. I was working in Bank Negara Malaysia and was concerned about the way banks managed their risk.

In the early days, very few people understood the subject properly.

Heinz lived the subject and could explain the complex issues in very simple terms. He has the humor and personality to project the issues in human terms. A great teacher who all his students will enjoy listening to and learning from.

Andrew Sheng, former Chairman, Securities and Futures Commission, Hong Kong and current Visiting Professor, University of Malaya, Kuala Lumpur and Tsinghua University, Beijing.

[6] Heinz Riehl Jr. and grandchildren Alexander and Nicolai, Germany

We tried to figure out some details from Alexander and Nicolai:

They think a lot of their vacation in Florida 2004; it was a great thing to go fishing with Pappi on that boat we all know from our trip. They remember the captain Bob and they were very proud that Pappi made it possible for them to ride the boat themselves. Especially Alexander felt very thankful, because he was sick for a few days and Pappi managed it, that he could join the trip and was also allowed to ride the boat. Both of them appreciate the whole action a lot!!

They also think of the driving range they visited several times with Pappi. They love their so called "Opa Heinz" very much – and sometimes if they get a little kick (just to remember) they start singing songs like: "der Theodor im Fussballtor", or they love to tell the "manager intelligence test" starting with the question: how can you get an elephant into the refrigerator? or: it is lion kings birthday party in the jungle and all animals are there,... ; all that Opa Heinz taught them.

Now its my turn: I love Pappi very much and although he was most of the time physically not there, I had the feeling that he was around and I knew all the time that I could call him and talk to him. Today, as I have children on my own I realize how important it is to be around the kids and talk to them.

If I am asked for my very first thoughts and impressions I have concerning Pappi, I always think of our playing football in the cellar of our house in Hofheim near Frankfurt. At that time (must be at the age of 4) I felt very good and proud when we did that and of course when there was a goal for me.

Then there was the time when he visited Germany and he picked me up; we always went to a little shop nearby and we looked for little playing-cars and got one. Very often we visited Omi in Dortmund and I had the "great honor" to sleep with him in one room!!! I hated it!!!!! Because it took him about 30 seconds to fall asleep and start snoring heavily. Even a few years ago while I was visiting, I could hear him at least through 3 to 4 rooms while the doors are closed. A few years ago I asked Jill how she can make it – she told me that she can't sleep if Pappi is not there and if there is no noise -unbelievable!!!!!!!! (Today I think that must be love!!) A real shock was it when we started skiing in winter 1966! I think it was the first or second day when Pappi broke his leg. Today I know how bad it is to see your own parent in a situation like this. The accident was not really bad, but that was very strong psychological moment for me.

There are a lot of moments I love to remember like our trip to Washington D.C. That was a great week! Our trips to Vermont I enjoyed very much especially swimming and water skiing on a lake (don't remember the name) and of course horse back riding. We took together lessons in horse riding "western style".

Something completely different opened my eyes and showed me how proud I can be to have a father like him: I was visiting Manila in the Philippines and I joined him at a little party with some of his students. There was one person who told me that Pappi is the "foreign exchange guru" of the world. And I heard similar things from other persons. At that time I understood his work for the first time – that was in 1977.

I am very proud to have a father like him and looking back from today I wished to have spent more time with him.

Love, Heinz

[7] Doug and Patty DesLauriers, Sleep Guru Canyon Ranch, Lennox, Mass.

I met Heinz several years ago while he and Jill were vacationing at the Canyon Ranch Resort in Massachusetts.

My introduction into the life of Heinz was, at first, on a professional level, with Heinz securing my services to assist him longitudinally in a concerted goal toward optimal health.

My relationship with Heinz quickly grew into one of friendship, however, soon Heinz was kind enough to show an overwhelming personal interest in me, my family and my success in life.

I have since been Heinz and Jill's fortunate guest at their properties in CT. and FL.

In the several years that I have now known Heinz, I have found in him a multitalented individual whose wonderful qualities and good works could not be justly described or adequately appreciated in few words.

I have on many occasions stated to Heinz that he "speaks like a good book reads" when he expresses his thoughts or opinions on subjects of common interest.

One of the qualities that I like best about Heinz is his uncanny knack to successfully integrate metaphors in conversation in need of understanding, that transcends each party's common experience or understanding.

I see in Heinz someone who could have chosen any field of endeavor professionally in life, and succeed at it. He is true raw talent; an outstanding representation of the far-reaching potentialities of the Human Mind.

I love you Heinz, Thank you for all that you are.

Douglas P. DesLauriers, Ph.D. RCP, Psgt
Respiratory Sleep Medicine Physiologist, Canyon Ranch Resort

[8] Marc Beauregard, Painter of Work & Play, Florida

In the tapestry of life we encounter many people, some memorable some not.

The give and take of everyday human interactions is like the weaver's weft and warp.

Back and forth we shuttle, work and home, work and play, engaging with everyone along the way.

Each of our different attitudes are like colors, some bright, some dull.

In contrast, some are of exceptional brilliance.

The master weaver chooses these brilliant, noble and rare colors to enliven and enhance his montage.

Always an inspiration, I have found Heinz to be one of these luminous pigments in the tapestry of my life.

Heinz, attitudes are contagious, thanks for yours. Happy birthday

[9] Don and Shelley Daren, President, Admirals Cove Club

Dear Heinz,

We wish you a happy and wonderful 70th birthday.

We met you and Jill when you first became members of Admirals Cove. Immediately we knew you to be a very likable person, with a keen wit, amazing knowledge, exciting experiences to relate, and the power of positive thinking.

When it comes to making decisions for our Club, you always put the interest
of the Club first. You worked on the Mandatory Membership Committee when I was President and really made a difference.

Even though you travel and have other commitments, when I asked you to join the House Committee and the Finance Committee you quickly said yes.

Everyone knows you as a clear thinker and a man of action.

When it comes to dining we share with you and Jill the love of fine food, and wine.

Don says that you and he share the same taste for fine food, fine wine, and our beautiful wives.

We're happy to have friends such as you and Jill.

Shelley and Don Daren

[10] Ingrid Hess, Real Estate Broker, Darien, CT

First of all, it is hard to believe Heinz is going to be 70 years old. We should all be like him with his good looks and sharp mind at 50!!! Many blessings!!!

My fondest memory of Heinz is when my husband and I invited him out to dinner, on one of their first visits back to Darien, after they rented their Linda Lane house. He was alone that night because Jill was having dinner with girlfriends in Greenwich. We had not known each other long. Heinz and Jill had hired me to be their real estate broker and we had put together a rather creative and unorthodox rental agreement with our first tenant, Charlie.

Heinz had been wonderful to work with and I wanted to say thank you and also have my husband meet this great guy. It was a memorable evening because I saw that night the other side of this taskmaster and highly successful business man: he is a kind, sweet, gentle, thoughtful man, deeply in love with his wife after so many years of marriage. It was so refreshing to hear him talk about Jill. He truly treasures her and just can't hide his love for her. He derives incredible enjoyment from seeing Jill being #1 at her golf game and her being happy and having fun. He is also so grateful to Jill for the kind of mother she has been to his children. Heinz also talked fondly of his father. It was touching and endearing. It was easy for Heinz and my husband to talk about finance and world affairs, both being bankers and having many work experiences in common, but it was the "soft" side of Heinz that made me like this wonderful man even more that night.

I also saw, in that relaxed and fun evening, many of the qualities I have learned to respect and appreciate in Heinz.

Heinz is a brilliant man, with an analytical mind and incisive intelligence that doesn't miss a beat. His passion for BMWs proves it. He is knowledgeable and informed. He always knows the right questions to ask, and when I give him the answers, he "gets" it instantly. He wants to be informed, and once he has the information, he is able to make a decision swiftly. He is thoughtful in his thinking process and when arriving at conclusions. I respect his thoroughness and German precision. He is organized, practical, has great common sense, loyal, and above all, he is fair.

He knows how to delegate and trusts the people he hires. I feel that I could never let him down because he doesn't micromanage me. I always want to give Heinz more than 100% of my best. He listens, is open to comments, suggestions, advice. He is respectful and shows appreciation for the work I do for him. I am deeply grateful and feel extremely lucky to know Heinz and work with him. He is a great client and friend.

Happy Birthday, Heinz!!! You are one of the really good guys. Many happy returns and much happiness today and always with your wonderful Jill.

Love,

Ingrid Hess

[11] Paul Vodola, Fireman, Darien, CT.

Our fondest memory of Heinz was very soon after we first met him.

We were having great difficulty in 1989 as an almost newly married couple and not enough financial history for any bank to approve us for our first mortgage. Heinz had given Citicorp a phenomenal recommendation on our behalf and they still did not trust that we would be worth taking a risk on.

One simple move by Heinz did the trick. He made a single phone call and within mere minutes, the bank called to verbally approve our loan.

It was then that we realized the power of Heinz. He made mere mortals quake in their boots. The comment from the representative was, "I don't know who you know, but they must have some real clout."

Now 16 years later, we still live in that same beautiful (and updated) home, all thanks to Heinz.

Another fond memory is when Heinz and Jill came to our house for dinner to see our newly renovated kitchen in 2000.

After complimenting us profusely on the meal, the renovation, and the company, somehow four people managed to drink three full bottles of wine. We did not wake up until well into the next day. We don't know how Heinz and Jill fared.

Even today Heinz's influence lives on. We began experimenting with different types of wines and found that we too enjoy a good bottle (although not in such quantities in one sitting).

Happy 70th Birthday, Heinz!!

Be sure to stop in when you're back in Connecticut!

Love,
Paul, Tracy, Katie & Kelly Vodola

[12] Joan and Max Sporn, Linville Ridge Club

We met Heinz when he moved to Linville Ridge. His credentials were impeccable – a world famous economist with an IQ only several points less than ALBERT'S.

Little did we know that he also was an art connoisseur. He contracted with Joan Sporn, the resident artist of Linville Ridge, who was known for her Chef paintings. He told Joan to use her artistic talents and then he proceeded to control the painting in its entirety (thank God we won the war).

He picked the colors, requested a bottle of wine (red) , insisted upon including a female chef (with big boobs – because he was used to that) and insisted that the table be laden with lots of wonderful food because he eats "small" amounts of everything.

When the painting was unveiled, he loved it and it was hung in his favorite room – naturally, the dining room!

We wish him good health and happiness and hope to spend many more years breaking bread and drinking wine with Heinz and Jill.

P.S Joan promises NEVER to call him an idiot again because as he has said "NOBODY HAS EVER CALLED ME AN IDIOT".

Love,
Joan and Max

[13] Bill And Donna Holland, Linville Ridge Club

Dear Heinz,

Congratulations on your 70th, which indeed is a milestone for anyone reaching it. I'm not too far behind.

While Donna and I have only known you and Jill for three years, it has been an association we cherish. And, since this is to honor your birthday – the milestone I mentioned – let me tell you what you have meant to me in such a short time. I regret not having known and worked with you during your long and distinguished career.

You, Heinz, bring an energy and presence to any situation that is truly unique and, for those around you, impressive. Your physical bearing and presence are impressive, to say the least, but it is the personality that is even more penetrating. Your ability to engage in a broad range of issues – both those of the day and those more trivial – makes you an enjoyable companion from whom I have learned a great deal. In short, in a personal sense, you are simply a "great guy" to be around and from whom to share and learn about life.

But, having come from the background that I experienced, I have to say that the most enduring and impressive part of your life is what you accomplished in your career. Having come from another country, mastering the English language along the way, and to have built the career you have, places you in the rarest of stratospheres of achievers. Your writing and teaching, in addition to your daily career, bring a quality to your achievements that makes me admire you even more. And, I would say that "admiration" is probably the key word in explaining how I feel about you and what you have done.

May God bless you, Jill and your extended family with a long, enjoyable, and fruitful (which I know it will be for you) future. Many more years, my friend.

Bill Holland (5/31/06)

[14] Heinz Jr.'s Birthday Speech

Dear Jill, dear Pappi,

We are very happy and excited to be here, and we want to thank you very much that you made all this possible!

But this is not just another family reunion; this time we are celebrating both of your special birthdays – the combined 140th!

Jill
First of all, congratulations and happy birthday to you! I want to use this celebration as an opportunity to show you our appreciation. Thank you for success in joining and holding together the family. I can imagine that this was (and still is) not always easy, but you did it, and you are still doing a great job! Thank you!

We are happy and very proud to have you at the side of Pappi. With your big amount of empathy, openness and understanding, you are a real friend who is always there and one can talk to about everything at any time!

There are lots of examples apart from godparent for Alexander and Nicolai, or taking the boys during summer vacations for several years.

Keep this attitude – we love you very much!

Pappi
Also to you congratulations and happy birthday, although there are still a few days to go!

If there would be an award for life's work – you should get it!

The last few months when you were working on your memoirs, you told us about the beginnings of your career. Looking back I must say in my opinion you lived your life in a way that a lot of people in the world would call a dream: from a baker's son to a very successful financial top Manager. A leading German newspaper called you 'tamer of risk.' Through this way you always followed an old motto, that Omi, your mother, told you already as a child: 'What others can do, you can do that also'. You supplemented this motto by another one: If you believe in something very definite – you can do it!

I often thought of these mottos and in the meantime, when I look back, I realize the truth of these words.

Another good attitude is positive thinking! It doesn't matter what the problem is about, you always develop immediately a chance or opportunity to get benefit out of it.

You are famous for sentences like "open your eyes – or open your wallet" up to the most famous one "Never accept NO as an answer".

While I was thinking of those words I also had some memories in mind, which I want to share with you: for example the football games in the cellar of the house in Hofheim, when I was 4 years old, and later our car-rides from Mülheim to Dortmund where Omi lived, with the challenge of who will see the big TV tower of Dortmund first?

My annual visits to New York in the 1970s: Playing doubles paddle tennis together with you, or our excursion by car down to Washington. A few years later I once joined you at New York University visiting your students while they had a little party. Some of them told me how exciting it is to listen to your lectures. At the end they called you "the foreign exchange guru". That made me very proud of you and showed me again how much success you had. And then there are the words again: "What others can do – you can do it also" and "If you believe in something definite – you can do it."

Thank you for these mottos and thank you for being father and a real friend.

I am very proud of you and I love you!

Jill and Pappi: Again congratulations, a long life with health, luck and happiness.

Happy Birthday

[15] Dompteur des Risikos

http://www.welt.de/print-wams/article615784/Dompteur-des-Risikos.html

Heinz Riehl hat es vom Bäckersohn in Mühlheim-Ruhr bis zum Manager bei der Citibank in New York gebracht. Dort hat er ausgefeilte Risikomanagement-Konzepte entwickelt.

Von Waltraud Kaserer

Risiko ist seine Leidenschaft. Seit Jahrzehnten. "Es ist da. Man muss nur wissen, wie groß es ist. Dann kann man es in den Griff kriegen", sagt Heinz Riehl. Und erzählt davon, wie er für die Citibank in New York Ende der 80er-Jahre ein System zur Steuerung des Preisrisikos von Börsengeschäften entwickelt hat, das Value-at-Risk-Konzept (VAR). Es dient zur Berechnung des Risikos offener Positionen und den somit möglichen Verlusten im Devisen-, Geld- und Wertpapierhandel von Banken. Ein Thema, das nach den Anschlägen auf das World Trade Center und das Pentagon besonders aktuell ist. Und er rechnet vor, dass das VAR-Konzept am 11. September die "Feuerprobe" bestanden hat.

Der 65-jährige Deutsche spricht so viel, dass nicht nur die Suppe, sondern auch der Hauptgang kalt wird. Die Krawatte mit aufgedruckten bunten Tickets, die Zettel, auf denen an der Börse die Aufträge weitergegeben werden, verrutscht mal nach links, mal nach rechts. Die Augen funkeln. Er erklärt und erklärt, als hätte er eine MBA-Studentin vor sich, der er Preisrisiken und Kontrahentenrisiken in allen Details näher bringen will. In Vorträgen und Kursen ist Riehl geübt. Er unterrichtet regelmäßig bei MBA-Lehrgängen an der Insead im französischen Fountainebleau.

Das VAR-Konzept ist inzwischen in allen möglichen Weiterentwicklungen rund um die Welt im Einsatz. Scharen von Händlern müssen sich danach richten, wenn sie tagtäglich auf eigene Rechnung der Bank Währungen, Zinspapiere, Aktien und derivative Produkte wie Futures und Optionen handeln. Der Risiko-Officer ihrer Bank berechnet damit die Limite, bis zu denen sie Geschäfte tätigen können.

Riehl kann nicht aufhören: "Der große Vorteil des VAR-Systems ist, dass man das zu erwartende Risiko und später den tatsächlichen Handelsgewinn ins Verhältnis zum eingegangenen Risiko setzen kann." Die Banken wüssten also jeden Tag genau, welche Geschäftssparten attraktiv sind und welche nicht. Sie müssten mangels Wissens nicht an Bereichen festhalten, die bei hohem Risiko nur wenig bringen.

Nun doch noch ein Rückblick: Ehrgeiz, Intelligenz und Zufälle hätten sein Berufsleben bestimmt. “Ich habe fast nie in meinem Leben gearbeitet, es hat fast immer Spaß gemacht.” Eigentlich hätte er die Bäckerei des Vaters in Mühlheim-Ruhr übernehmen sollen. “Ab dem zehnten Lebensjahr musste ich um vier Uhr morgens aufstehen und beim Brötchenbacken helfen und sie dann mit dem Fahrrad ausfahren.” Mit 15 war schließlich klar, dass er dieses Leben nicht führen wollte. Er begann in seinem Heimatort eine Lehre; beim Bankhaus Hugo Stinnes.

Von nun an kam er weit herum: zuerst nach Paris, dann nach New York. Schließlich holte ihn die Citibank 1960 nach Frankfurt, als sie ihre deutsche Niederlassung eröffnete. Ein Jahrzehnt später ging es in die Zentrale nach New York und dann nach Manila, Hongkong und auf die Philippinen. Dort habe er schon in den 70er-Jahren Kurse für MBA-Studenten über den Devisen- und den Geldhandel gehalten. “Dieses Thema war plötzlich wichtig, weil sich die Banken und Unternehmen nach dem Zusammenbruch des Bretton-Woods-System mit den starken Schwankungen des vorher allmächtigen Dollar auseinander setzen mussten. Sie mussten das Devisenhandelsgeschäft verstehen lernen.”

Noch heute gibt Riehl Kurse für das “Banking Institut” der asiatischen Zentralbanken. Mehrmals im Jahr fliegt er zudem nach Singapur, um am Obersten Gericht von Singapur als vereidigter Sachverständiger aufzutreten. Er gibt dann seine Meinung ab in Prozessen zwischen Banken und ihren Privat- und Firmenkunden, immer engagiert von einer der beteiligten Banken. “Dabei geht es um Streitwerte von oft weit über 100 Millionen Dollar. Und es ist nicht immer das Materielle, das im Vordergrund steht, sondern der Ehrgeiz und Stolz eines Beteiligten, am Ende doch Recht zu haben”, erzählt Riehl von den sonderbaren Motiven der Streitparteien. Auch am Internationalen Gerichtshof von Den Haag habe er schon ausgesagt; damals für die US-Notenbank. “Wenn man einmal den Ruf hat, bestimmte Positionen gut zu vertreten, dann wird man immer wieder angesprochen”, schwärmt er, während sein Nachtisch schmilzt.

Und dann sind da noch die Lehrstühle für einen Professor an der New York University und einen Studenten am Iona College, die er mit den Zinsen aus auf ewig gegründeten Stiftungen finanziert.

Den größten Teil seiner Zeit verbringt Riehl seit der Pensionierung von der Citibank im Jahr 1995 mit seiner zweiten Frau Jill an der amerikanischen Ostküste. Im Sommer in Connecticut und im Winter in Florida. Die Kinder aus erster Ehe sind schon lange außer Haus. Die drei Enkel sieht er selten.

Nach Deutschland kommt er aber regelmäßig. Erstens zu den Beiratssitzungen der HypoVereinsbank und zweitens um seine 93-jährige Mutter in Mühlheim-Ruhr zu besuchen. “Ich telefoniere jeden Tag mit ihr. Egal wo ich bin”, drückt er seine Verbundenheit aus. Vorträge hält er in Deutschland keine und kommentiert das mit einem Lachen: “Der Prophet gilt im eigenen Land nichts.”

[17] English translation of birthday speech for Mother’s 80th birthday

Ladies and Gentlemen, Friends, and Relatives,

First of all, I would like to thank you for coming to celebrate my mother’s 80th birthday.

It is always special when somebody completes a decade of life. It is a personal milestone, an opportunity to look back, remember good and not so good moments, learn from them and make them the basis for plans for the future. If one is fortunate enough to complete 80 years, then there are of course many events and memories that deserve to be refreshed and reviewed. That is exactly what I would like to do together with you for our beloved Rosemarie.

This review of your life is dominated by your enormous energy, which gave you an ideal mix of ‘joie de vivre’ or ‘Lebensfreude’ and power-source to work. This means you had plenty of energy to enjoy life and work hard and successfully.

First, there were twenty years in your parents’ house where values like religion, music, and a sense for business, society and family were instilled in you. Your realistic attitude to the church has helped you in many situations. This will increasingly be true as the years go by.

The restaurant and pub of your father, my Opa Koeller, had the first official bowling alley in your home town of Oberhausen; and in the 1920s it was recognized as a social center in town. The gentlemen from Babcok and their ladies were regular guests. As a child in this environment, you saw how business careers were often influenced by the behavior of spouses.

These people appreciated your talent for playing the piano by ear just as much as we do today, be that here in Germany or when you visit with me and my friends in America.

Opa Koeller also instilled in you a sense of sharp business economics and the ability to be tough but fair when you were buying and selling things. At different times in Opa's life, those 'things' included real estate, beer, herrings, or horses. Skills such as profit & loss calculation, expense management, and trading were pillars of your success when you built your own business.

This was also the time when people began to replace their horses with automobiles. At the young age of 17, and as the first woman in your hometown Oberhausen, you not only got your drivers permit, but you actually drove a car almost every day. In this group here it is your brother Stefan Koeller who particularly remembers all of this and many other stories.

The focus of the next thirty years was on your marriage with my father Willi Riehl. You told me that this was the perfect love-marriage. Already on your third date you agreed to get married, and this marriage was a huge success. Loving and goal oriented cooperation was the basis on which you grew a small bakery into a deli and grocery store employing about a dozen people.

The living and business areas were enlarged and renovated. There were more and more customers and the name Riehl stood for excellent quality and service. You were the soul of the business. The key to this success was your perfectionism, your insatiable hunger to provide the best in every way, your drive for excellence, and your good cooperation with Pappi.

At Harvard Business School, students learn how to expand the business relationship with already existing customers. The answer is to offer products which are similar and yet completely different from what has been offered before. The customer will buy more which leads to higher sales and profits. This is exactly the strategy you applied in your store 50 years ago. Your customers originally came into your store just to buy bread. You gradually expanded your offerings to include other foods, and eventually you allowed your customers one stop shopping for all their food-related needs.

This success did not only result from your above described idea, but also from your ability to implement that idea, to make it happen. The key to this successful implementation was excellent customer service, great spirit and culture among all employees, as well as a happy personal life based on your loving and harmonious relationship with Pappi.

A good example for customer service is the closing of paper bags. Loose goods like sugar and flower were put into those bags and weighed for pricing. The bags had to be closed so tightly that they did not open even when they were held upside down.

The mood and spirit among the employees was set by two proverbs displayd on the walls, which I remember very well. One was, “If you want to work well you must be happy.” The other one was, “Living, loving, laughing are three wonderful things.”

Of course both proverbs rhymed in German.

Hans Mirswa, present here today and my father’s longtime senior assistant, will remember that the tone in the house may have been rough sometimes, but at its core always loving and cooperative.

And that brings me to Pappi, my father, who always supported you in every way. I am sure that sometimes you two had different opinions when I am thinking of the business, the years during and after the war, and not to be forgotten, that you had to bring up little me. As I said, I am sure you did not always agree on everything, but you never fought with each other. You simply loved each other too much.
Which is why you wrote on Pappi’s tombstone “I had a comrade, there is no better one.”

The next part of your life was focused on your almost 30-year second marriage with Dr. Gerd Moeller. The two of you were also a great team because you complemented each other so well. Each of you had something to give that the other one did not have. Gerd gave you the calm and protection of a private house. For the first time you were just a housewife and not a business woman. Gerd introduced you to his academic friends, which are also present here from the city of Dortmund.

You were for Gerd, after he lost his first wife, a younger and entrepreneurial wife who made him young again. You introduced Gerd to things like telephone, automobile, theater, and foreign travel. All this expanded your social circle. You were introduced to the beautiful things of the arts, and given the time to study and enjoy those things.

You showed your ability to change and adjust by moving at age 50 to Dortmund,

You adopted a different life style. Gerd's friends not only accepted you as a younger person, but after a while offered you a loving friendship as a new girl friend.
In those years one more major thing happened: You became a grandmother.
Your grandchildren Heinz, Ralf and Janine love you, and you are a wonderful Omi for them in spite of the geographical distance.

Gerd's death 5 years ago was the beginning of the current chapter of your life.
There is action and reflection, each at its proper time. You live alone and still are a perfect driver. At the end of one of my recent visits you drove me to the Düsseldorf airport. Also, the other day you even showed my son Ralf, who at age 19 already knows almost everything, how to drive into a one way street in the wrong direction and do this in such a way, that no policeman could find anything wrong with it.

You stay in touch with your different groups of friends. You show your mobility by visiting Jill and me several times each year in New York. You come with me when I visit several European cities for my seminars. These are all examples for your current activities.

On the other hand you spend hours playing the piano, reading, watching TV or in conversations with Ingrid Boes to discuss the issues of the younger generation.

Mutti, you are a young octarian, who has lived a fulfilled life of work and fun, just as it says in the poem you taught me many years ago:

> I was sleeping and dreaming that life is fun,
> I woke up and saw that life is work.
> I did the work, and the work was fun.

In addition to all of that you also gave birth to me, against the counsel of Doctors. You have always protected me and given me good advice. When the bombs were falling during the war, you often carried me to the nearby bunker while holding a cook pot over my head. When I first got into school, you taught me that I am on my own, that I have to perform if I want recognition (story of the reward cards).
When I had initially poor grades in middle school (5th grade), you locked up my soccer ball until my grades improved. You advised me how to dress for my first day as an apprentice at Hugo Stinnes Bank. These are just a

few examples for how you brought me up and gave me pecious values for my life.

I try to live my life just as you do it to this day and, following Goethe's magic word, 'Work every day, have fun in the evening, tough weeks, occasional roaring party.'

My friends tell me that I have a strong will. I have that also from you. When I was a little boy you already told me, "What others can do, I can do too." Or, "Fighting yourself is the toughest fight, winning against yourself is the sweetest victory." That is what you must have felt when at age 76 you went for several weeks to England and learned English together with a bunch of teenagers. You did this only because I married an American woman, and you delivered an amazing speech at my wedding in Boston.

Mutti, I thank you for everything you have done for me. You can look back at your life and, with great satisfaction, say what it says in the poem The old wash woman: "You fulfilled what you had to fulfill, within your borders of responsibility . ."

Mutti, you have done the right thing at all times and in all roles: Wife, Mother, Business Woman and Lady of Society. I am proud of you!

For the future I wish you good health and lots of joy, and many happy returns.

HAPPY BIRTHDAY !

18 Bob and Janice Moser, Linville Ridge Club

We first met Heinz a few years ago while out feeding the fish in order to have dinner. I am a hunter/gatherer!

He and Jill had just bought a mountain home. We were shocked that such a young cutie was with this "old coot".

Janice thought he must be 67 but looked 50. I thought the opposite.

A real event here on the mountain with all us backward mountain people is to be invited to the "Riehl World" for dinner. The main event of the evening is to hear Heinz explain Maslow's hierarchy of needs. That's when it dawns on you that you cannot reach "self actualisation" without a home at Linville Ridge.

We have come to love Heinz.

We have known only a few people to get that old.

It is fun watching him mature.

It was only last year that we witnessed, first hand, his tolerance of his Fellow man, when he freely supplemented the pot to make up for one who refused to pay his fair share.

We can't believe Heinz is 70. He just looks much older!

We love you neighbor!

Bob and Janice Moser

[18a] Sermon delivered by Pastor Frank Wagner at Christmas time on 12/23/2016

"How Quickly Your World Can Change"

I was watching the news the other night and heard certain phrases like cyber-hacking, Zika virus, underwater drone, Fidel Castro, President-elect Trump, Electoral College. How quickly the world can change.

- Six months ago, those words weren't important to us. But now when I say those words, every single one of you knew what those words represented. Six-month period of time, how quickly the world can change.

- A relative of mine with a thriving law practice got the surprise of her life when she was told, after having a blood test, that she had Leukemia. How quickly the world can change.

- We can also use that phrase when good things happen. A 91-year-old man comes walking out of church with his 78-year-old girlfriend next to him. They come up to me to greet me. The man says, “Do you do weddings?” I said, “Sure, I do weddings.” He said, “Will you do our wedding?” I smiled and said, “I would be glad to. Please call my office tomorrow and we’ll set up a time to talk.” He said, “No, I mean right now!” I looked at his girlfriend. She looked like she was having a heart attack. Her hand was over her mouth, her eyes as big as saucers. I said to her, “you look like you’re in shock. Did you know this was going to happen?” “No!” she said. “What are you doing?” “I’m asking you to marry me. Let’s do it right now!” How quickly the world can change!

- A married couple with two children think to themselves, one more child and that will fulfill our dream. They get pregnant. Later the ultrasound nurse says, “Triplets!” How quickly the world can change.

TURNING TO THE BIBLE, AN ANGEL TAPS A TEENAGE GIRL ON THE SHOULDERS and announces a miraculous conception and that she is going to raise a divine child. Mary gasps; how quickly her world just changed.

- Her fiancée, Joseph, suddenly realizes a long-awaited Messiah is going to grow up in his home and learn how to do carpentry from him. How quickly Joseph’s world has changed.

- When Jesus turns about 30 years old, He lays down his carpentry tools and He begins a three-year teaching ministry. And when he started teaching and healing, it felt like the world was changing every single day.
    - One day a blind man is given sight.
    - The next day a lame person walks.
    - The day after that a leper is healed and a demon is cast out.
    - One day 5000 people are fed from a single lunch box.
    - Violent storms are calmed by the mere waving of a hand.
    - And then a man named Lazarus, dead for days, is raised back to life in front of everybody.

  How quickly the world is changing!

- Before you know it, large crowds start following Jesus wherever he goes.
    - No one has ever seen this kind of display of power.
    - No one has ever heard this kind of wisdom.
    - No one has ever experienced this level of kindness and love.

- And it is all wrapped up in one person.
- And it is all happening day after day.

- And then, the unthinkable happens. Jesus is falsely accused and arrested, beaten within an inch of His life, and then executed between two common criminals. And all of what I just described to you happens within about a forty-eight-hour period of time.

- How quickly the world can change.

- Three days later the recently crucified one bursts back to life. He's resurrected. And He shows himself to everybody, to followers and friends and to 500 people in one setting. And people's minds were completely blown, just like yours would be if you had witnessed all this.

- How quickly the world is changing.

- Those who were responsible for Jesus' horrible death tremble with fear, and in smoke-filed rooms ask: "***Who is this person? How did he conquer the grave?"***

- For the next 40 days Jesus gives final training lessons to His followers, mainly about the coming of this power He calls the Holy Spirit, the third person of the Trinity. Jesus said the Holy Spirit was coming soon and He was going to be amazing.

- Jesus also prepares His followers for this thing called "the church." Vibrant little faith communities that will get planted all over the world to support believers and do good in the world.

- One day while Jesus was training His disciples, He started rising up. You can read abut it for yourself in the Bible in Acts 1. Jesus ascends and He ascends and He ascends. And pretty soon He disappears into the clouds and His followers realize that He had gone back to His Father in Heaven.

- How quicky the world can change.

- But His followers remember that Jesus had told them to wait for the Holy Spirit to arrive because when He comes it is going to be very cool. So, one day they are gathered together in an upper room and the Holy Spirit makes His explosive arrival. Supernatural stuff starts happening. People begin to choose to believe and follow Jesus. Little faith communities of Jesus followers started to get planted all over.

- Thousands of people's lives are changed by the power of the Holy Spirit through these churches. And these churches spread all over southern Europe.

- How quickly the world is changing.

ALLOW ME TO SHARE WITH YOU A QUICK ASIDE ABOUT MY OWN STORY.
About 24 years ago, I was the Associate Pastor for Youth and Family Ministry in a wonderful congregation in St. Petersburg, FL. I had been serving there for 8 years and really enjoying my ministry. But one day I received a phone call out of the blue … that's what I thought then, now I know it was from God. The call was to invite me to leave the church that I was at and to go out to California and be part of a focused intentional effort to reach people who didn't know much about God or didn't care about God and the church.

- As much as I loved the people that I was serving, I knew that this was a once-in-a-life-time opportunity for me to learn how to help people experience life-change through the power of Christ's love.

- There were people who challenged my wanting to go. One guy in particular said, ***"Frank, people don't change for the better. If anything, they slowly get worse.***
    - ***Greedy people just get increasingly greedy.***
    - ***Cranky people get crankier.***
    - ***Selfish people get more selfish.***
    - ***Hateful people just become more hateful***
    - ***People con't change for the better."***

- I remember thinking to myself and then saying to him. ***"I'm going to spend every day of the rest of my life trying to prove you wrong. Because I think God still transforms lives."***

WHAT GAVE ME SO MUCH CONFIDENCE IS THAT I HAD ALREADY WITNESSED … God changing a human life, because he had changed mine.

- I grew up in a family in Miami where money was very tight and my parents didn't get along, and there was a lot of tension in the air and my father was absent a lot and made a lot of promises to us that he never kept. Add to that a broken back in my early teenage years and I began to spiral downwards.

- I internalized all that junk and slid into anger and depression. I did a great job of hiding it until, in my youth at night when I was deep asleep and couldn't control my thoughts and actions, I acted out my thoughts and feelings by being destructive.

- And God rescued me by placing some amazing Christ filled people in my life, my mother, a counselor and my church.

- It wasn't the well-crafted Sunday school lessons, the First Communion classes, the Catechism classes or Sunday morning worship services. It was the love of Christ in the people of that church that listened to me, valued me, spent time with me, explained things to me, most importantly they showed me that I mattered, that I really mattered just as I was.

- Because of them my world began to change.

- And when those people, who accepted me and sincerely loved me with all my brokenness, told me that I mattered to God, I believed them. They told me that God knew my name and He knew my situation and He understood my hurt and that He would heal me.

- And I trusted them. More importantly I did what they told me to do; I put my trust in the love of God that comes through Christ Jesus. I can remember on more than one occasion simply saying to God,

    - ***"Please rescue me.***
    - ***Please remove my hurt.***
    - ***Please tell my soul that because of what Jesus did on the cross for me that I am not messed up, that I am a worthwhile person of value."***

- Friends, I'm telling you, as sure as I am standing in front of you this evening, God transformed my life. He removed the bitterness, the insecurity, the fear, the low self-esteen from my heart. He healed my wounds and brokenness. He replaced all that junk with a confidence and peace, not based on who I am but based on the love God has for me, as He revealed it to all of us in Jesus Christ.

MY FRIENDS, ARE YOU LISTENING? I AM NOT TALKING ABOUT RELIGION.

THIS IS ABOUT A RELATIONSHIP WITH THE LIVING GOD.

- Now I can talk with Him throughout the course of my day. I can feel His presence when I'm out and about. If I'm heading into a meeting and I've got some worries, I can say: ***"God would you guide me in the meeting."*** And He does.

- I started living this way, and I still do today. And I thought: This is amazing. I want everyone to know about this.

- So, when that guy said to me that people's lives don't change, I'm like: "***Oh, yes they do, because mine has been radically changed, because of Christ in me."***

SO, WHEN I WAS A YOUNG ADULT, GOD SPOKE THROUGH SOME PEOPLE THAT ... I loved and respected and He called me to be a pastor. And I chose to accept that call because I thought this would be my opportunity to help people experience the transformation that I had experienced, through Christ.

- And so, for the past 32 years I've had a front row seat watching God transform literally thousands of people's lives.
- I've watched God transform nasty, hateful, racist, bitter people into loving non-prejudiced people with an inclusive mindset.
- I've seen God change hateful people into loving people.
- I've seen greedy people, where it's all about money and materialism, transformed into people who are ridiculously generous.
- I've seen self-centered people become others-oriented and servant-oriented.
- I've watched judging, arrogant, opinionated people turn into grace giving, tolerant people.

- I’ve seen complacent people become activists for the poor, hungry and homeless.
- And you have heard me say a hundred times, if you attend our church, that there is nothing as thrilling in the world as watching God transform a human life.
    - There is nothing better than watching a family member get transformed.
    - To watch your colleague at work or a neighbor get transformed.
- It’s about all I live for these days, to provide environments and situations where I can watch God transform lives, one person at a time.

AND I HAVE A VERY STRONG IMPRESSION… THAT GOD WOULD LIKE TO TRANSFORM A FEW MORE PEOPLE BEFORE….we end this service tonight. So please do your best listening in these remaining moments.

- How quickly your life can change.
- Some of you are approaching the Christmas with a throbbing ache in your heart because there is a relational rift in your life that’s making this particular Christmas very, very tough. The rift could be with a spouse, a child, a sibling, a relative, a colleague. The hurt is very deep and you’ve almost given up hope that this relationship can ever be mended.

- I wonder how quickly your world could change if with the help of the Holy Spirit’s power between now and Christmas Day you would contact this person and say two words humbly and sincerely. You know what those words are: ***“I’m sorry. I’m sorry for my part in this mess. I’m sorry for what I said, for what I did. I’m sorry for being a jerk. I’m just really sorry.”***

- Does anybody here need to say words like that? I’ve seen divorces averted. Families reunited, business partnerships salvaged with just the uttering of those two words in sincerity and humility. I’m sorry.

- How quickly your world could change for you.

- Some of you are approaching Christmas with so much guilt and shame you can barely sing the carols, because your drinking has gotten out of control again. You know it and everyone around you knows it.

- It could be your spending is out of control. Or your eating is out of control. Or the speed of your life is out of control. You are on a self-destruction path and you don't know how to break the pattern.

- Maybe there are two words you could say to God to get some supernatural strength to change the pattern in your life. Two words. ***"Help me. God, would you do for me with your strength what I can't get done with my own strength?"***

- How quickly your world could change.

- For those of you who have received bad medical reports, don't be embarrassed whatsoever to simply say the two-word prayer as often as you need to say it every single day: ***"Heal me. God, please heal me. Heal me, either through the direct touch of your hand or through medical expertise. Please God, heal me."***

- There is a woman who recentlhy lost her husband. She is dreading the coming of Christmas. She told me the other day that she is inconsolable. I said to her that I would join with her and cry out to God and say, ***"Please comfort her."*** Because no human being can fix the hole in her heart. This is something only God can do.

- What about those of us who in recent days did something we deeply regret. We're deeply disappointed in ourselves. There are a couple of phrases we could say: ***"Forgive me."*** Or the one that I tend to use when I screw up: ***"Cleanse me. God would you cleanse me. I need to be washed from head to toe."***

- There might be a few of us in this service tonight and we're trembling with fear because we're facing a major life decision. We've got to go this way or that way, and we don't know what to do. I'll tell you what you can do, you raise your decision to God and say: ***"God would you guide me. You know my future. You love me. Please guide me."***

- God has been in the business of giving people guidance for centuries.

- There are those of us whose greatest joy in life these days is feeling the thrill of God using our life for purposes of making the world a better place. And we are ready for our next assignment. Raise your life to God and say: ***"God, use me. Use me again today. Use me at work. Use me as I go into a difficult family situation. Use me in whatever way makes sense to you."***

- And God delights in that kind of humble heart and He will use us.

- How quicly your world can change.

FINALLY, THERE ARE SOME PEOPLE HERE TONIGHT WHO ARE WONDERING, ... Is this the night that I can get right with God? Is this the night my life can change by getting right with God? And the answer is, ABSOLUTELY.

- We're not about becoming religious. That will only mess you up. You don't need that. What you need, what you are looking for is a relationship with the God who loves you.

- You can begin that relationship with God just saying these two words. ***"Redeem me. God you said redemption is available for the asking. Well, I'm asking, would you redeem me?"***

- There is a verse in the Bible that says, ***"Whoever calls on the name of the Lord, will be saved, or redeemed."*** So, if you want to get right with God, then let's do what he says, call Him. ***"God it's me. I want to get right with you. Please redeem me."***

- The idea is you are saying with all sincerity and humility words to God. And God listens to your words and then He responds to your request through his Holy Spirit. So the words you say to God might be, ***"God, I'm done doing my life without you. I'm ready to walk into a relationship with you. If redemption is free, I need it and I want it this evening."***

- Friends, don't ever believe the lie that your world can't change, that your life can't change. That's a lie because I have personally experienced life change and I have witnessed the life change of thousands of people over 32 years. Your life can be one of them.

- Now I am going to give you a quiet moment with God for you to tell God whatever you need for Him to hear. This is just between you and God. I will repeat the two-word phrases that I used this evening and you pick the one or make up your own and share it with God. Then I will close with a prayer.

- Here are those phrases: **I'M SORRY, FORFIVE ME, HELP ME, GUIDE ME, USE ME, COMFORT ME, HEAL ME, CLEANSE ME, REDEEM ME.**

PRAYER: Our Father in Heaven, it's at this time of year that we understand with fresh eyes the lengths to which you would go to demonstrate your love to humanity. You are willing to come to us in human flesh and be born in a wooden crate, grow up in the home of peasants, and work in the trades so that you could understand the plight and the pain of people. And then when the time was right you put down your carpenter tools and you taught us like no one had ever taught us before. And you healed like no one had ever healed before. You express kindness and compassion like the world had never seen. And then you went to the cross. You took the sin and wrongdoing of the entire world, including my pile of sin, on your own shoulders, and you paid for it all so that redemption and forgiveness can be free for the asking for people throughout the course of history who are humble enough and honest enough to reach out for it. God, I pray right now for people who have been caught up in religion, who think that the religious game is going to get them someplace with you.

God, I pray that you would take the scales off their eyes so they realize religion doesn't make us right with you. What makes us right with you is what Christ did on the cross and us humbly asking for His work to be applied to our situation. And then that life changing relationship begins. What a beautiful thing it is to have a relationship each day with the living God. What a wonderful God you are. And we want to stop during this Christmas season and thank you for being that kind of God. Amen.

19 Proverbs

It is impossible to give without having it come back to you.
And it is impossible to keep what you won't give away.

An army of sheep led by a lion would defeat an army of lions led by a sheep.

It is always later than you think it is.

You can go anywhere from where you are.

There will never be another now, so let's make the most of today

Nothing great ever happens on the O.K. level.

Save and invest as if you would live forever.
Share and spend as if you would die tomorrow.

Men are the only creatures that eat when not hungry, and generally live to eat rather than eat to live.

In travel and in love the journey is as important as the destination.

Look for something you enjoy and are good at; then give it 100% and go for it.

Everyone needs a purpose to live for, a self to live with, and faith to live by.

The use of money is the only advantage there is in having money.

If you can dream it you can believe it; and if you can believe it you can do it.

Learn to see "nonjudgementally", that is to see "what" is happening, rather than "how well" or "how badly" you think it is happening.

Lord grant me the ability to change what I can change, to accept what I can't change, and the wisdom to know the difference.

Many men go fishing all of their lives without knowing that it is not the fish they are after.

What would you do if you knew that you could succeed?

Try to understand what other people are saying, and why they are saying it.

Discoverers hear and see what everybody hears and sees, and then they think something that nobody has thought before.

Oh, I have had my moments, and if I had to live my life again I would have more of them. In fact, I would try to have nothing else, just moments, one after another, instead of living so many years ahead of each day.

Never look at what you have lost. Look at what you have left.

The cost of a thing is the amount of “life” which is required

to be exchanged for that thing, immediately or in the long run.

What others can do I can also do.

Success is a journey . . . not a destination.

Rather then being merely the absence of disease, health is a positive state of creative self expression, usually accompanied by feelings of joy, vitality, happiness and love.

The days of our lives are eighty years, And if they are precious they are only labor and sorrow.

There will never be another me, so I will make the most of myself.

Don’t limit a child to your own learning, for it was born in another time.

The level of thinking to get us out of this mess must be different from the level of thinking that got us into this mess.

A man’s brain and penis each require 3 liters of blood to function properly. Unfortunately there are only 5 liters in his body.

Fighting yourself is the most difficult fight.
Winning against yourself is the sweetest victory.

There is never a money problem, only an idea problem.

When you think you have exhausted all possibilities, remember this – you haven’t. Love is the pursuit of the whole (package).

A giving attitude is the secret to successful living

Today is the day the Lord has made, so let us rejoice and be glad in it.

“Work” consists of whatever a body is obliged to do; and “Play” is whatever a body is not obliged to do.

The soul becomes dyed with the color of its thoughts.

Success is never ending and – and failure is never final.

The real voyage of discovery consists not in seeking new landscapes, but in having new eyes.

If you are failing to plan, you are planning to fail.

A rich man is a man who is happy with what he has.

A happy person is one who wakes up in the morning, goes to sleep in the evening, and in-between does precisely what he wants to do.

Life is what your thoughts make it.

Money lost – nothing lost.
Honor lost – everything lost.

Inch by inch anything is a cinch.

Never wait until you have time.

Praise Allah, but first tie your camel to the post.

Ask not "Can we do this"? Ask "How can we do this"?

The world is too much with us!

Getting and spending we waist our powers . . .

Nothing in nature is ours . . .

The essence of civilization consists not in the multiplication of wants, but in their deliberate and voluntary renunciation

If it is going to be it's up to me.

[21] Advantages of Cold Shower Following Hot Shower

Take a Cold Shower to Protect Against Colds and Flu

At first, it sounds crazy – can a cold shower really prevent colds and flu? But Dr. Alexa Fleckenstein, author of HEALTH 2 – 0: TAP INTO THE HEALING POWERS OF WATER TO FIGHT DISEASE, LOOK YOUNGER, AND FEEL YOUR BEST (McGraw-Hill 2007) says that a few seconds of cold water after your hot shower is scientifically proven to make you healthy – even if you're in the cold water for less than 30 seconds a day.

Here are 6 ways that a short cold shower protects you from colds and flu:

1. A brief cold water shower will decrease your body's "reaction time" to cold. The cold shower 'teaches' the blood vessels in your skin to clamp down faster, so you are losing less warmth in draft or cold exposure. Especially, during the winter months while it's cold outside, you'll stay warmer, longer.

2. Gamma interferon and interleukin-4 are two important virus-fighting cytokines (immune system proteins). A new German study has shown that cold water exposure helps these two disease-fighters work better together, resulting in fewer viral colds.
3. A cold shower increases lymphocytes in the blood. Lymphocytes produce antibodies, which help fight germs.
4. A cold shower makes you breathe deeply. (A big gasp when the cold water hits the skin!) A deep breath opens closed or clogged alveoli (small air sacs in the lungs) which are then less prone to bronchitis and pneumonia. And deeper breathing means more oxygen for the whole body.
5. A cold shower increases blood flow in all organs, especially skin, heart and lungs. The pharynx/larynx (organs of the throat) also benefit from the increased blood flow, and are better able to kill viruses.
6. And a cold shower lifts your mood. Depressed people get more colds – probably because depression lowers immunity. A brisk cold shower has been proven to lift the mood and lower stress, both of which jumpstart the immune response – which kills flu and cold germs!

Remember that cold water therapy works only if done regularly, and also needs a few weeks (about six) to work. Start with just your feet and hands in the cold water, and gradually work your way up to your whole body. It feels great!

IMPORTANT: Check with your doctor first. Contraindications include uncontrolled high blood pressure and narrowing of the arteries.

22 Birthday letter from Ralf

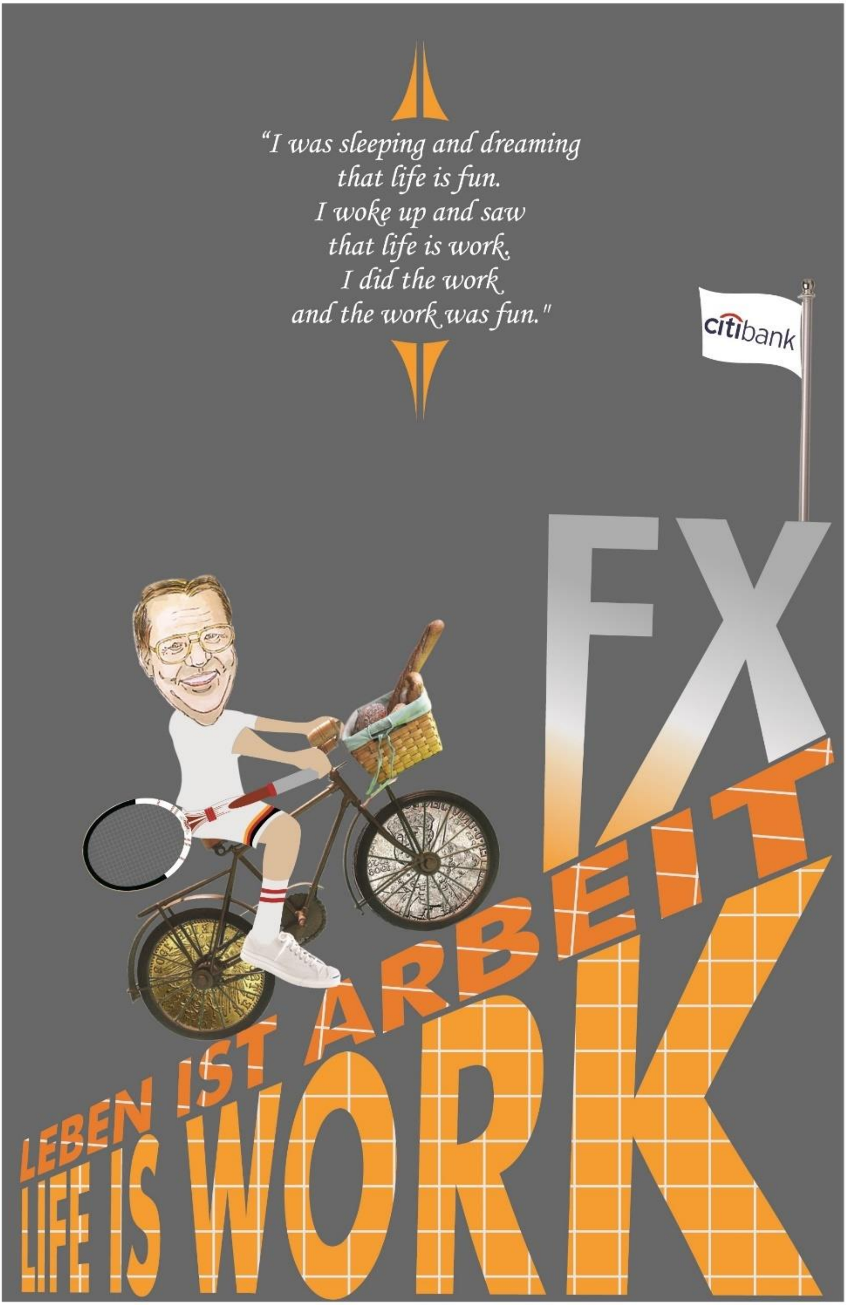
Dear Papi,

Happy Birthday!!!!

I have mentioned before how grateful I am for everything you have done for me as your son, and coming to live in the united states is one of those things that covers many other little ones as a result. This is indeed the land of opportunity, and as I reflect on my life to date I smile!!! And my life just keeps getting better and better.

I hope you had a wonderful day, and Arisleyda and I look forward to your next visit on July 27th!!!

Love
Ralf & Arisleyda


"I was sleeping and dreaming
that life is fun.
I woke up and saw
that life is work.
I did the work
and the work was fun."
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LIFE IS WORK