

Mickey Roth

In 1981 I had just overseen the creation of the USAA Money Market Fund. It was incredibly exciting. At that time USAA had only two other funds whose assets totaled about \$80 million. In just a few weeks, with its yield over 15%, (we had high interest rates and an inverted yield curve) the Money Market Fund brought in over \$100 million. Then came a jolt from the Texas Legislature.

I got a call from USAA's legal department telling me I had been registered as a lobbyist and that I was to go directly to Austin. A Representative was holding a meeting in the Speaker's office on a bill she had introduced. The bill, put forth by Texas bankers, would have levied a 2% tax on the sale of money market fund shares. The key factor behind this was the belief that all money market funds were owned by vicious New York firms.

As I walked into the Speaker's office that morning, the sponsoring Representative was asking a lobbyist from Merrill Lynch, "Where's your office?". He said, "We have offices everywhere," and she snapped back, "No! Where's your head office?". When he answered "New York," her response was, "So, you're shipping Texan's money to New York!".

I then raised my arm and introduced myself with, "I'm Mickey Roth from USAA in San Antonio and we run a money market fund." The Representative's jaw dropped and her meeting, effectively, was over. That bill was never introduced.

I must make clear that I have long thought that, although this initiative of bankers was totally self-serving, nevertheless that Representative was looking out for her constituents.

There is today an analogous situation in our state and our cities in regard to the investment of money that is held by cities, counties and the state. These pools of money come about from collection of taxes and fees, and from the sale of bonds that raise money for specific functions of governmental bodies. It is highly proper that such pools be invested in a manner that will prudently earn a return for the citizens of these political entities while assuring the funds will be available whenever they are needed.

In the process of producing these prudent returns, our political entities, from State to cities, are operating in a way that is 180 degrees out from that experience in 1981. Back then the Representative felt justified in proposing the 2% tax because Merrill Lynch was "taking money from Texans and moving it all to New York." But now governmental overseers, from State to city and county, seem to be ignoring the fact that in a city like San Antonio there are numerous investment firms staffed by highly qualified professionals and possessing excellent track records, which are capable of meeting all of the investment needs of our city and county. There are firms that are recognized nationally for their excellence. They run the gamut from multi-billions under management to tens of millions. There are firms that are owned and managed by highly talented women and others by equally talented people who are part of cultural minority groups. And all of these firms create jobs in San Antonio, both for their staffs and by their investment and spending.

Most importantly, any rigorous analysis will show that these local firms are capable of providing excellent and prudent results. And, I must add, this concept is not limited to the field of investments. Our city, and many others in Texas, have all kinds of businesses run by residents that are capable of providing goods and services which municipalities need.

Just something our city and county officials may want to consider.