

June 23, 2007

Tales of a Ninth-Grade Fund Manager

At 14, Brandon Conley shorts stocks, meets CEOs, sleeps little; why mom is 'terrified'

By **PAUL GLADER**
 June 23, 2007

BROOKLYN, N.Y. -- Brandon Conley opens his weekly Wednesday 7:30 a.m. conference call with a briefing of news items affecting the portfolio of his fund, Mariner Investment Advisers.

Japan's economy has signs of slowing. IBM is increasing its presence in China. Halliburton is considering a stock listing in Dubai. Listening in on the call are his investment analysts, 17-year-old David White-Goode and 13-year-old Jeremy Hitotsubashi. Brandon himself is 14. David, who covers the defense and aeronautics industry, gives an update on Northrop Grumman, emphasizing its strong position as a shipbuilder. His recommendation: A buy.

"What price are we looking at?" Brandon asks. "Eighty-five dollars? Or are we looking higher, around the trading range for Boeing or Lockheed?"

"Eighty-five a share," David responds.




The Buy-Low, Sell-High School: Brandon Conley studying his portfolio.

Brandon and his crew are hardly the first teenage market junkies to come along, but their story suggests that some child investors are now hitting a new level of sophistication, and, sometimes, obsession. Brandon has taken on many of the conventions of a professional investment fund. He and his staff are raising money from outside investors, developing relationships with companies, and even speaking up at shareholder meetings. He even shorted some stocks right before a February stock-market decline.

Brandon got the idea to start the fund in November when he took a financial-literacy course. As part of the program, he and other students had to develop their own business plans. One student wanted to open a skateboard shop. Brandon, who became interested in markets with a virtual-reality game called Neopets and was setting up mock stock portfolios by the age of 12, wanted to start his own investment fund. "It blew me away," says Jay Ellis, a regional manager of Washington Mutual in Manhattan and the course instructor.

In six months, Brandon says he has increased the value of his fund -- which consists of money he earned

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fixing neighbors' computers and contributions from his uncles -- by some 30%, to about \$5,000.

Because he is being home schooled, Brandon can adjust his schedule to attend investor meetings, as he did recently, hopping on a subway with his father to hear London-based billionaire Lakshmi Mittal, chief executive of Mittal Steel, at the Pierre Hotel in Manhattan. Mr. Mittal was meeting with some analysts and about 100 investors.

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Bank of America's Columbia Management unit	Web site (www.younginvestor.com ¹) designed to familiarize kids with financial terms	Free	The site includes word games such as a "Puzzling Through a Bear Market" crossword puzzle.
BestPrep	Weeklong financial-literacy camp in Minnesota for student in grades 9 through 12	\$100	The camp brings in a white-collar criminal every year to talk to the kids.
Operation Hope	Chapters nationwide hold financial-literacy seminars at schools, libraries and other organizations	Free	For the summer library seminars in the Pittsburgh area, bankers serve as volunteer instructors for mostly low-income young people in grades 4 to 12.
Visa	Web site (www.practicalmoneyskills.com/english/atschool/ff) ²	Free	The site includes a "Financial Football" game that was developed with the NFL.

Brandon bought a few hundred shares in Mittal Steel when the company was engaged in a takeover battle for rival Arcelor last year. He says he likes Mr. Mittal's aggressive growth strategy. Wearing a black pinstriped suit, Brandon took the microphone several times during the question-and-answer session. "I saw in the news recently that a company called Mittal Investments acquired Lukoil's Caspian Sea oil assets. Would you care to comment on this?" he asked Mr. Mittal, clarifying that he wanted to know whether the

investment was related to the steel assets. "All these investments in nonsteel have to do with family investments. They have nothing to do with Arcelor Mittal," Mr. Mittal said. Mittal executives responded to his questions just as they did to queries from other investors and didn't give any indication they knew that he was only 14.

Brandon subscribes to a dozen financial publications and Web sites, often requesting gift subscriptions from parents or relatives for birthdays and holidays. He watches financial news on TV nearly all day and idolizes CNBC personalities Maria Bartiromo and Jim Cramer of "Mad Money." He made his parents and two younger siblings join him for a subway trip to Rockefeller Center recently for a book signing with Mr. Cramer.

"This is my first business," says Brandon. "I'm really excited about it."

His room is covered in papers and corporate reports. A series of clocks on his walls show the time in New York, Moscow, London and Tokyo so he can keep track of when foreign markets open. His younger siblings, Christopher, 6, and sister Joralysa, 9, speak in ticker symbols at times, referring to McDonald's as "MCD." They've picked up the abbreviations from hearing Brandon talk and from being exposed to the constant chatter on CNBC.

Brandon recently decided to put the fund on hold for a few months while he is in math camp in Colorado. (He moved the fund's assets into a money-market account.) At the end of the summer, he plans to relaunch the Mariner fund with the \$5,000 plus another \$30,000 he is trying to raise with help from a lawyer. Because he is only 14, his mother and father are custodians of the brokerage account where he

does his trading.

His mother, Judith, a computer programmer who home schools Brandon, doesn't mind his running an investment company out of their home. But she worries about him investing so much money, and about his frustration at things that don't normally frustrate a teenager, such as his inability to take a six-hour Series 7 exam for would-be securities traders. (You have to be working at an NASD member firm to take the test.) After finding him following Asian markets on financial TV networks at 4 a.m., she told him to get some sleep.

"I'm terrified, I have to say, as a mom," says Ms. Conley.

Part of Brandon's home-school curriculum involves finding unusual classes and learning opportunities on the Internet and in New York City, including volunteering and training at the Brooklyn Public Library, online math classes through Ivy League schools, chess clubs and Lord of the Rings reading societies. The unorthodox schedule allows Brandon to spend as much as eight hours a day researching companies and investments and making trades.

He often wears a tie, suit or dress shirt in the middle-class neighborhood where he lives, partly so people will take him seriously but also to avoid being suspected of violating truancy laws because he is not at a traditional school.

Brandon's father, Terence, a jazz pianist who has played with the Count Basie and the Duke Ellington orchestras, says he and his wife try not to restrict Brandon's moves, but to monitor them, and make sure he has good advisers, which include his uncles.

One of Brandon's biggest fans is Nelson Urraca, who owns Nelson's Barber Shop in Brandon's neighborhood and says he has committed \$5,000 toward the new fund when it relaunches. "This kid is a diamond in the rough," says Mr. Urraca, whose 14-year-old son, Andrew, is Brandon's head accountant. Mr. Urraca often calls Brandon, telling him to run down to the shop and meet customers and potential investors.



A Cut and Stock Tip: Brandon trades market gossip at Nelson's Barber Shop, whose owner's son is Brandon's accountant.

Brandon met his attorney, Donnell Suarez, a former corporate lawyer at the entertainment company Viacom and law firms in New York, when Mr. Suarez was getting his hair cut. Brandon came in and dropped off a Wall Street Journal for Mr. Urraca. "I overheard him describing his evaluation of a couple stocks. I chimed in and started asking questions," says Mr. Suarez, who is filing the necessary paperwork with the state of New York and other regulators to create an investment club for Brandon.

Along with semiweekly conference calls, Brandon holds weekly meetings, often at Starbucks after chess class on Fridays, to discuss investing strategy with his three employees. None of them have been paid yet, but Brandon plans on paying each of them a percentage of profits, plus bonuses based on their research. He also plans on adding staff. "I will probably take a couple more employees to specifically handle trading and an IT manager," says Brandon. "Right now, I do all the trading."

Brandon makes trades just about every weekday. He has stock quotes delivered to his mother's cellphone -- which he often borrows -- and says he knows many of the broker's phone representatives by name because he calls for quotes so often when he is out of the house and unable to turn on the TV or computer.

At the end of the call on a recent Wednesday, Brandon summarizes the fund's cash position and notes only two losses, the short position on XM Satellite Radio Holdings and the long position on Wal-Mart Stores, and says the losses were offset by gains. "Everything else has been on a beat to high numbers."

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