

Where the numbers just don't add up

By Erica Schlaikjer
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When it comes to money, U.S. Hispanics are predominantly "unbanked."

Up to half do not have a checking or savings account, they are less likely than other ethnic groups to have a credit history, and most say they know nothing about investing or saving for retirement, according to a study by the National Council of La Raza, a Washington, D.C.-based Hispanic advocacy group.

It's no wonder, then, that only a small percentage work in finance. In the Chicago area, fewer than 5% of Hispanic men are in management, business or finance, compared with 16% of non-Hispanic men, according to another recent study, which found a similar gap for Hispanic women. But things are changing, albeit slowly.

In Chicago, a handful of Hispanic-owned finance companies are competing with mainstream institutions. Among them, Cabrera Capital Markets LLC, an investment banking and brokerage firm with \$19.9 million in assets, has underwritten more than \$220 billion in municipal, corporate and equity transactions for clients like the city of Chicago and J. P. Morgan Chase & Co. Since the Chicago firm was founded in 2001, it has grown to eight offices across the country.

"The minority status does open some doors, but once we're given that opportunity, we have to show that we can perform and add value," says CEO Martin Cabrera Jr., 37, a Mexican-American who grew up in Little Village, got a finance degree from Northern Illinois University and worked as a stockbroker before buying out a broker-dealer firm in Wisconsin and reincorporating it in Illinois as Cabrera Capital Markets.

More needs to be done to increase those opportunities, industry leaders say. Mr. Cabrera's firm donated \$50,000 to expand participation by Illinois students in the Stock Market Game, an online trading simulation that provides lessons on saving and investing. Playing the game in high school inspired Mr. Cabrera to pursue a career in finance.

NEW TALENT POOL

Hispanic-owned financial companies manage 5.7% of Illinois' \$139-billion public pension system, says the New America Alliance, a Dallas foundation dedicated to the economic advancement of Hispanics. While that ranks Illinois among the top states for doling out pension business to Hispanic firms, many would like to see that percentage grow.

Decisions on how to allocate investments are usually made by a fund's board of trustees, who often are reluctant to choose lesser-known money managers, Mr. Cabrera says.

According to some studies, it can be a good idea for investors to work with smaller money management firms because they tend to outperform their mainstream competitors.

Altura Capital Group, a New York-based research and advisory services firm, recently launched the first global database of "emerging managers," which includes women- and minority-owned firms, to help investors connect with companies that reflect the demographics of their employees and clients. Of the 1,035 firms in the Altura

database, 72 are based in Illinois and 6% are Hispanic-owned.

"Investors tend to gravitate towards mainline, established, Wall Street-type firms, but there's a certain sameness to them," says William Atwood, executive director of the Illinois State Board of Investments, which oversees pension funds for state workers, judges and the General Assembly and was one of the first subscribers to Altura's database. "There's a talent pool that's being missed, and the only way that you can access that talent pool is to go out and get it."

Five years ago, none of ISBI's assets were managed by minority-owned companies. Now, 6.7% of the fund's \$12 billion is handled by emerging managers, including two Hispanic-owned Chicago companies, Ativo Capital Management LLC and Valor Equity Partners L.P., which account for \$30 million combined, says Mr. Atwood, who expects that percentage to rise.

Building firms' financial talent requires access to college educations and professional networks, both of which are historically lacking in the Hispanic community. Civic involvement from business leaders like Mr. Cabrera and his peers and work by organizations like the Assn. of Latino Professionals in Finance and Accounting are helping.

But even groups like the New America Alliance can be difficult to penetrate: Individual membership fees are \$10,000 per year.

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