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Lebenthal Teams Up With Web Wiz for New Muni Platform

BY DAN SEYMOUR

If anyone understands the value of getting people's attention, it's **Jim Lebenthal**.

The octogenarian bond salesman, author, and former Academy Award nominee has spent a ton of money making himself one of the most recognizable figures in the municipal bond industry.

He has written two books with his face on the cover — one a photograph and one a cartoon — and appeared in numerous commercials in public parks and subways, calling muni bonds his “babies.”

Imagine his surprise when a 33-year-old Web entrepreneur proposed a way to get that kind of attention for free.

Bhu Srinivasan had read Lebenthal's “Confessions of a Municipal Bond Salesman” and was caught by something the author said — that the single most important thing in hawking municipals is leads.

Srinivasan, who made most of his money in Internet advertising and is a half-century younger than Lebenthal, was a relative newcomer to municipals and had never sold a bond. One thing he had, though, was leads. Thousands upon thousands of prime, juicy leads.

In late 2008, for a sum in the six figures, Srinivasan bought the [municipalbonds.com](#) domain from **Kevin Olson**, an investor advocate who used the site to rail against what he perceived as predatory trades.

Srinivasan knew little about the industry — in fact the idea to buy the site occurred to him because he was trying to learn about the product himself and was struck by how little information was available on the Web.

But he believed he had unearthed something powerful. The first hit on a Google search for “municipal bonds” is the entry on Wikipedia. The second is [municipalbonds.com](#).

Srinivasan at first figured he would spruce up the site and convert the Web traffic into money by selling advertising. The more he learned about munis, though, the more he suspected he could capitalize on the traffic directly.

Instead of selling their attention to someone else for a flat rate per click, why not use it themselves?

Lebenthal smelled a winner.

Those talks with Lebenthal were the genesis of **Munigo LLC**, a partnership between **Municipalbonds.com LLC** and **Lebenthal & Co.** that seeks to do for municipal bonds what brokerage platforms like **E-Trade** and **Scottrade** have done for stocks — make trading cheap and easy for retail investors.

Their vision is for a Web site people can visit and see what municipal bonds are for sale, access information about the bonds, and execute a trade if they like it.

While the details of exactly how the platform will operate are still being hammered out, Srinivasan said it will likely offer state general obligation bonds from

inventory, and allow institutions to offer bonds directly.

The pricing model is yet to be determined.

The platform will be aimed at self-directed investors, the kinds of people who already have brokerage accounts. The goal is to be the lowest-cost operator in the industry. And to keep things as simple as possible.

“I've long wanted to do precisely this,” said Lebenthal, who has worked in municipals for nearly half a century and whose parents founded the family firm in 1925. “I've long been troubled by the pricing in municipal bonds. ... All of that time I was thinking, how could this business be made simpler, more efficient?”

Srinivasan points out that the online brokerage firms make it easy to buy stocks or even options or gold, but buying bonds remains a convoluted endeavor.

He knows how uncomfortable well-to-do investors feel buying municipal bonds directly, because he himself was a well-to-do investor who felt uncomfortable buying municipal bonds directly.

Now a registered securities professional, Srinivasan is sure there is a niche for a site that makes buying bonds easier and more user-friendly.

The site will initially launch this month as an online division of Lebenthal & Co. It will be spun off later this year as an independent broker-dealer. A number of municipal trading patents are pending. □

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