

TRADERS

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Inside
Trading

>BROKERAGE

Small Broker With Big Heart Shares the Wealth

AltruShare Securities on the surface looks the same as any other institutional brokerage firm. The Bridgeport, Conn.-based startup trades with much the same tools as bigger firms with big tech budgets. The four traders at the six-person shop, however, are on a mission that not only seeks best execution but also looks to transcend it.

When AltruShare Securities was set up three years ago, it created a rare ownership structure, with two-thirds owned by nonprofit foundations. To date, the brokerage profits have helped fuel the personal development of hundreds of children and young adults in poor areas, often called “underserved communities.” Programs have benefited after-school education, mentoring and job training for city kids.

As early as 2000, Peter Drasher, managing partner at AltruShare, had been toying with the idea of starting a brokerage firm that put profits back into needy communities. A former trader who ran the program desk at brokerage Arnhold and S. Bleichroeder, Drasher saw the benefits that capital had on the economies of emerging markets.

“What I’ve realized during the course of my career is the ability of our business to drive huge amounts of capital offshore into foreign markets,” Drasher said. “But what about our underserved communities like Bridgeport? We know how to invest abroad, but perhaps the final frontier is our own underserved communities.”

Programs in Los Angeles, New York City and Bridgeport have benefited from the more than 25 grants, according to Lauren Webster, CFO of the Tides Foundation. The Tides Foundation and the Underdog Foundation each own one-third



Peter Drasher

of AltruShare. Employees and venture capital backers own the other third.

Webster said it is not unusual to see a company set aside a small percentage of its ownership or profits for charity. But she has never heard of a firm taking on the risk of going into business and giving up a majority stake for charity. The Tides Foundation runs “hundreds” of funds that are set aside by sponsors like AltruShare, Webster added. Last year it distributed \$107 million worldwide.

Drasher, a 22-year trading veteran, said the firm reached profitability its first full year of operation, in 2007. “When we opened our doors, our daily share volume was spotty, but now we’re solidly into seven figures,” he said. He declined to give specific volume numbers but said about two-thirds of AltruShare’s volume comes from basket trades. The good news is that he sees continued growth with prospects and current customers. “Existing clients are increasing their business with us,” Drasher said.



Dawn Edwards

Still, running a trading desk is hard work, with the need to stay on top of the latest in algorithms, aggregation tools and connectivity. After all, AltruShare competes against the best trading houses on Wall Street at a time when clients measure every trade. The desk uses InfoReach for its trading platform.

“We weren’t a nonprofit that started a trading desk,” said Dawn Edwards, AltruShare’s president and co-founder, who heads marketing. Edwards spent her career on trading desks on the buy-side and at BNY Brokerage. “We’ve always been traders first.”

—Michael Scotti