

DEAK, Nicholas
*1906
financier

project, and a San Francisco site where Webb & Knapp intended to construct apartments. Last week he dealt off his right to buy Manhattan's Drake Hotel, and a British buyer was reportedly dickering for Zeckendorf's Chatham. Considering that his revenues from the Astor, Manhattan and Taft are being passed out to creditors, the only New York hotel that Zeckendorf appears to have free and clear is the Gotham.

Coming due this year are debts of \$55 million—indeed, \$31.9 million are already overdue. To cover them, according to last week's report, was a bare \$1,000,000 in cash and \$6,000,000 in accounts receivable. Up to now Zeckendorf's creditors carried him along in hopes of recovering their loans. How long will they continue to do so? On the American Exchange, Webb & Knapp was down to 37½¢ a share, a third of what it sold for last year.



DEAK & FAVORITE COMMODITY
Cashing in on crisis.

MONEY

The World of Deaknick

He lives in a Scarsdale mansion instead of a London flat, and never ever packs a shoulder-bolstered Walther PPK automatic. But there is more than a soupçon of the fictional countessy in trim urbane Nicholas Deak, who is the James Bond of the world of money.

Born in Hungary 58 years ago, Deak holds a doctorate in economics, can talk money in five languages, used to work for the League of Nations. A naturalized American, he spent World War II as an OSS agent parachuting into Burmese jungles to search for Japanese prisoners. On a postwar assignment, he sneaked Hungarian boxcars past the Russian occupiers to help rebuild West Germany's railways. Deak still keeps in OSS trim with a vegetarian diet, daily sprints around his own

suburban running track, and ski trips with his Viennese wife. From a paneled office (cable address: Deaknick) overlooking lower Manhattan harbor, he supervises more than 100 agents working for Deak & Co., one of the world's biggest dealers in foreign currencies.

Gamble on Change. Last week lines of tourists bought up pounds, francs and yen from Deak's Perera Co., busiest currency exchange in the U.S. and only one of Deak's skein of 20 currency "stores." The tourist trade is a small part of Deak's business; his plumpest profits come from the active shufflings of currencies in crisis. "Whenever countries are not stable," says Deak, "their currencies are heavily traded." Currency speculators and companies operating in inflation-ridden countries such as Brazil or Italy try to conserve the value of their cash by buying or selling "forward contracts" for funds, similar to commodity futures; a speculator who sold Brazilian cruzeiros short a year ago could have doubled his money. Deak trades in the contracts, gambling that fiscal and political changes will work his way.

He also collects rents for owners of foreign properties, buys up blocked accounts at bargain prices, or, on occasion, the inheritance of an heir who has trouble getting his money out of a foreign country. In such cases, Deak is in effect betting that he can get the money unfrozen later or turn a profit by using the funds inside the country. He has the right connections for it. Occasionally, governments buy and sell their own currencies through Deak, creating an artificial demand that boosts the exchange rate and balm national pride.

Constantly operating on the fringe of politics, Deak often gets subtle warnings of impending events. In 1962 millions of dollars worth of Indian rupees that Deak held were suddenly scooped up in Hong Kong, Beirut and Kuwait. They were purchased by agents of the Red Chinese, who used the rupees for folding money when they invaded India soon after.

Holding the Bags. Privately owned Deak & Co. issues no earnings reports. But Nick Deak happily admits that he has more than made good his boast to a wartime OSS comrade that he would open a small foreign-currency exchange, steadily expand and become a millionaire. His route to riches was, and is, tricky. Dealing in all currencies except four that are proscribed by the U.S. Government (Cuban pesos, Red Chinese yuan, North Korean won and North Vietnamese dongh), Deak always risks being caught with funny money. But he rarely loses.

Deak once sat atop a bundle of old Israeli pounds that had been called in by Israel and were thought to be worthless. He managed to dispose of them in —of all places—Arab Lebanon. What happened to the money after it reached Beirut? In Deak's business, one does not ask such questions.

PERSONALITIES

THIS business is like opium—once it's in your blood, everything else is dull," muses Paramount Pictures Executive George Weltner. The habit has proved profitable for him: last week, at 62, he was promoted from executive v.p. to president. In something of a youth movement, he replaces Barney Balaban, who at 76 becomes chairman; Paramount's founder, Adolph Zukor, 91, was named chairman emeritus. Aging Paramount lost \$2,800,000 in 1962 when several films were box-office flops. Last year it was back in the black, and first-quarter '64 earnings (\$1,041,000) were almost twice as high as in the same period last year. Weltner expects further improvement, thanks to such current successes as *Becket* and *Seven Days in May*. A small, freckled man who resembles neither a movie mogul nor a matinee idol, Weltner is a chemist by training who began in the darkroom during the early '20s. How did he reach the summit of Paramount's star-ringed mountain? Says Weltner, with a grin: "Longevity, that's all."



BEN MARTIN

GEORGE WELTNER



HAMER BUDGE

HE is known to friends as "unbudgetable Judge Budge." As a Republican Congressman from Idaho for ten years until he was defeated in 1960, he consistently voted against Government spending and public welfare measures, stood with Southern Democrats on civil rights. Now a state judge in Idaho, he admits to being far from expert in finance. These may seem like unusual qualifications for the newest member of the five-man Securities and Exchange Commission, but last week Hamer Harold Budge got the job. President Johnson appointed him, said SEC sources, partly as a political favor to House Minority Leader Charles Halleck, the judge's longtime golfing crony. (The judge calls Halleck "Pop," while Halleck calls him "Son.") He replaces Jack M. Whitney II as the second Republican member on the commission. Idaho Republicans consider Budge "a top hand," and he will have plenty of opportunity to prove it: the SEC is drawing up a program to implement its 1963 study of stock markets, and much rulemaking lies ahead in such complex areas as brokerage commissions.