

A partnership of traders

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Marc Rich + Co. was, from its foundation, a partnership of traders in all but legal form. Rich and Green held the majority of the shares, and senior traders received shares as they rose in the firm. The traders were paid in part through their share of the profits, while their capital remained invested in the company. The structure gave the firm the cohesion and the incentives that a trading business needs: the traders bore the consequences of their decisions, had every reason to protect the firm's relationships and its reputation for reliability with its counterparties, and shared a common interest in the firm's discretion.¹

The same structure made the firm vulnerable when the interests of the founders and of the senior traders diverged. The senior traders, whose wealth depended on the firm's continued access to banks and counterparties, saw the legal exposure of the founder as a risk to the business, while the founder saw the firm as his creation. The crisis of the early 1990s, which ended with the sale of the firm to its managers, was in part a conflict of this kind. The resolution, a management buyout in which the traders acquired the founder's shares and renamed the firm, preserved the business and its people while separating it from the name and the legal problems of its founder. The pattern, in which a trading house survives the departure of its founder by passing into the hands of its senior traders, recurs in the history of the industry. It explains the continuity of the cluster in Zug across the generations.

1 Notes

1. Wikipedia (English), "Glencore", accessed September 2026: the company built a significant employee ownership structure during its private years; in 1994 Rich was forced to sell his majority stake in a management buyout led by employees; Wikipedia (English), "Marc Rich": Rich surrendered majority control in a management buyout at the end of 1993. The size of Pincus Green's holding is not stated in these sources. ↩

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