

First Southwest draws buyout bid

Rauscher Pierce targets investment house in wake of chairman's death

By SCOTT WILLIAMS

First Southwest Co., the intensely private financial adviser to government agencies throughout Texas, has received an unsolicited buyout offer and apparently is looking to the widows of two former executives to help preserve the sovereignty of the empire.

The nationally renowned Dallas investment house lost its leader to cancer eight weeks ago, prompting competitor Rauscher Pierce Refsnes Inc. to make an offer for the 45-year-old company with an eye on its vast portfolio of government clients.

First Southwest in its heyday

was widely regarded as the most dominant municipal finance adviser this side of Wall Street. Its stronghold has weakened only slightly in recent years, and the company still counsels most large Texas cities, including both Dallas and Fort Worth.

But any hope of fending off the takeover attempt by Rauscher Pierce — details of which were

unavailable — apparently rests with the widows of First Southwest's legendary founder, W.C. "Decker" Jackson, and his hand-picked successor, Clayton Rader McCulley.

Jackson died in 1987, and McCulley succumbed to lung cancer March 20 at age 68.

The elderly widows of both men inherited large stakes in the

company. Observers say that Sally Jackson and Rosie McCulley together control the fate of First Southwest, in what appears to be a dogged fight to remain independent.

Contacted at their homes this week, both women declined to discuss any First Southwest business.

"They will stand by the guard," predicted one longtime observer. "And the guard is — you don't sell."

At First Southwest headquarters in downtown Dallas, the new leadership insisted repeatedly that

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FIRST Southwest COMPANY

Founded: 1946

Headquarters: Dallas

Ownership: Private

Principal Business: Municipal finance and investment advice

Major Clients: The cities of Dallas and Fort Worth

Branch Offices: Houston, Austin, San Antonio, Abilene and Longview

Estimated 1990 Revenue: \$11.4 million