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## The Shattered Ceiling: Stephen Lee

*In 1997 Stephen Lee founded White Pacific Securities, Inc.—a division of **Thomas F. White & Co.**—in an effort to cater to Chinese-speaking investors worldwide. He is currently chairman and CEO. [MarkeTrade.com](#), an online brokerage firm that targets the same market, is a subsidiary of White Pacific Securities.*

**Age:** 33

**Background:** Born in Taiwan, moved to Berkeley, Calif., in 1980 when he was 13.

**Education:** Degree in finance from San Francisco State University.

**Annual personal income:** \$1 million



Stephen Lee. Photo by Joyce Nishioka.

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**AsianWeek:** *What inspired you to start your company?*

**Stephen Lee:** When I moved here 20 years ago, my parents didn't speak much English. All their savings were put into savings accounts. As times went, I saw their value equity dwindle quite a bit. They were not participating in the market, in the great so-called 'American dream.' So I really see that there's a market for serving Asian Americans in the financial services sector—in the language they prefer. White Pacific Securities focuses on the Chinese community.

For four years the company consisted of two people in an office space of less than 100 sq. feet. Today, we employ approximately 200 people.

**AW:** *How did you begin?*

**Lee:** The parent company of White Pacific Securities is Thomas F. White & Co. I was hired as a stockbroker at Thomas White. I made a proposition to form a company so that both it and Thomas White could have equity. Thomas White provided me with the experience and the platform to grow the business. Today, we own the business 50-50.

**AW:** *What has your business done to attract Chinese Americans customers?*

**Lee:** My proudest thing is my team. I have 200 people, 99 percent of whom are multiple-lingual Chinese speakers. Ninety-nine percent of the staff is Chinese American, and there are five Caucasians. Today, our customer base is more than 95 percent Chinese. We are growing. We have nine branches and within a year, plan to double that to 18 branch offices.

**Etrade.com** tried to go in our market by advertising in the Chinese media, but they didn't have the Chinese-speaking staff to back up its plan. When people called, the [employees] couldn't speak the language, so the customers hung up.

**AW:** *How much profit is the company making?*

**Lee:** In the past four years our growth has been 200 percent year to year. This year we are going to do \$20 million in terms of gross revenue.

(Lee could not elaborate, explaining that financial data is propriety)

information. Thomas F. White & Co. is a privately held company)

**AW:** *Tell me about MarkeTrade.com.*

**Lee:** MarkeTrade.com is an online electronic subsidiary of White Pacific Securities. It does online trade only. It was set up a year ago by acquiring a clearing firm that had the cutting-edge technology in the industry. I strongly believe we have the best technology today.

**AW:** *What does that technology do for consumers?*

**Lee:** Two things. Our technology trades through ECN (Electronic Communications Network) as opposed to any traditional online brokers, which are still placing orders. That means their customers order to a market maker, and the market maker would make money off the spread on the trade. And then usually they'll rebate the broker. That's the traditional way of sending an order for a customer.

The ENC is an online place where the retail customer, all the market makers and the brokerage firms send orders directly for electronic matching. So the ENC system does not distinguish who's placing the order, whether you're a retail customer, a professional or brokerage firm. In other words, ECN eliminates the middlemen, which will save you on the spread (the price difference between the bid and the ask).

The other advantage is speed. When a customer puts an order in through an online broker 10-15 minutes of response is considered OK. We guarantee customers that we'll make an execution in 60 seconds or the trade is free. That's how much confidence we have in our system.

**AW:** *What is the advantage of a quick response time?*

**Lee:** For the simple reason that stocks are very volatile. If you order right now and don't get a response back within a minute, the price might go up 10 points. So when you want to buy something that's going up very fast, and you put an order in and your response time is 15 minutes, you will probably end up buying at a higher price.

**AW:** *Where do you see the company in five years?*

**Lee:** We will strive to be the premier financial service firm to the global Chinese population. That's always been our niche but we have quite a ways to go. The market potential is tremendous.

Already we signed up two firms in Hong Kong, one of which is the fourth largest bank in Hong Kong. They are going to market our service exclusively to their 1.5 million-customer base in Hong Kong. That project will launch by the end of this month.

We have multiple alliance partners in Taiwan as well.

China is still heavily regulated so there are no plans for China. However, with China and Taiwan joining the WTO, they will need to relax their regulation, meaning they need to allow outside people go in to do business. Currently, though, China is not letting anybody from outside to go in there, specifically in the insurance and financial sectors.

**AW:** *What is the future of online trading?*

**Lee:** All the middlemen will be eliminated in my opinion. People will be transacting with the other side directly, whether it be the buyer or seller. The process will be more transparent and efficient.

**AW:** *What are your tips for traders?*

**Lee:** Invest sensibly. People need to do a lot of research, especially on the fundamentals of a company—for example, a comparison of the company with the industry—to see if you're getting a reasonable price on the stock. To do that I suggest using Web sites [Zack.com](http://Zack.com) [a consumer product information site] and [Briefing.com](http://Briefing.com) [a market analysis site]. Our firm partners with both. Our staff translates their information real-time into Chinese and posts it on our Web site for our clients to see.

Once you buy stock, holding on to it long term is in my opinion the most sound decision.

**AW:** *Have you convinced your parents to invest their money?*

**Lee:** I took care of that. I bought them a home and invest for them.

**AW:** *What do they think of your success?*

**Lee:** They really are not paying much attention to my success. My parents are older, and as long as I'm happy, they're happy.

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