



# Advisers work to reassure investors – Email, advisories try to stop panic before trading starts

Thursday, September 13, 2001

By Sandra Block and John Waggoner

The nation's financial-services industry, forced to a halt by Tuesday's terrorist attacks, worked Wednesday to reassure investors and prevent panic when the stock market reopens. Financial advisers may have their work cut out for them. Even before the destruction at the World Trade Center and the Pentagon, investors were dazed by the extent of their losses since the bear market began in March 2000.

"It's just horrible," says Larry Raras, a financial analyst in Baltimore. Raras put \$10,000 into Alliance Premier Growth and Alliance Technology for his 4-year old son's college fund. Both funds are down more than 30% this year. "Even losing a thousand dollars is big to us," Raras says.

Tuesday's terror deepened those fears. Robert Jameyson of Kalamazoo, Mich., is a 67-year-old retiree. He went into the bear market with 80% of his assets in stocks and the rest in money market securities, or cash. "It hurts," he says. "I just e-mailed my consultant at Smith Barney and said, 'If you think I should convert equities to cash, please go ahead and do so.' I think people will be panicking seriously."

The financial-services industry is working hard to keep people calm – and as of Wednesday, it seemed to be working. Financial planners like Mark Bass of Lubbock, Texas, reminded clients that historically, stock markets have plunged after a major crisis but later rebounded. Their contention was strengthened by the performance of overseas markets in the aftermath of Tuesday's terrorist attacks. European markets were volatile Wednesday but ended the day higher.

Early signs Wednesday indicated that many investors were calming down:

- John Bachmann, managing partner for Edward Jones, said most calls to the regional brokerage firm were from people seeking assurance their money was safe. "We've been able to reassure them it's fine," he said.
- As of Wednesday, few investors had put in orders to sell stocks or funds when the market reopens. Laura Parsons, a spokeswoman for Invesco Funds in Denver, said a couple of investors put in orders to redeem their funds, then called back and rescinded them. "Our phone volume is next to nothing," she said.

Ray Ferrara, a financial planner in Clearwater, Fla., predicted the delay in reopening the stock markets --

which isn't expected until Friday, at the earliest -- will help. "Time has a wonderful way of clearing our heads and allowing rational thinking to prevail," he said. "Hopefully, when the markets do reopen, whatever might have happened that would be negative will be mitigated because we will have had time to realize that life will go on."

What brokers and planners are using to keep investors calm:

- Internet advisories. Vanguard Group posted a message on its Internet site from Chairman John Brennan advising against hasty decisions. "If you're putting money away regularly in a retirement plan, or investing in an IRA, or saving for a goal such as college, there's no reason to stop," the message said.
- Phone recordings. Investors who called Charles Schwab, the nation's largest discount brokerage, heard a recording made by its founder and co-chief executive, Charles Schwab. "Days such as these test our confidence in our personal and financial security as well as our institutions," the recording said. "America is strong and sound. I believe a long-term approach is the wisest course of action."
- E-mail. Financial advisers sent mass e-mails to their clients, urging calm. "We will not panic," wrote Ferrara, financial planner for ProVise Management. "Looking back at other political or military shocks of the past, we know the initial reaction will be negative. But, often these initial reactions are reversed once the situation stabilizes."

**Harry Kasanow, a financial planner in Honolulu, sent an inspiration e-mail titled "Interview With God" to clients and friends. He said he hoped it would help them "reflect on things that are more important than money right now."**

Raras, for one, hasn't gotten more worried after the World Trade Center tragedy. "Markets outside the U.S. have actually gone up," he says. "Nothing has happened to make me sell."

Dennis Archer, a semi-retired management consultant in Fullerton, Calif., says he feels more strongly than ever that this isn't the time to dump his stocks. "I think it's our responsibility to support our country and government," he said. "We ought to take heart and try to keep the country strong. If we panic as a result of this, we're doing exactly what they want us to do. Otherwise, why did they go after the financial center?"

\*\*\*\*

Contributing: Christine Dugas  
Page B.04