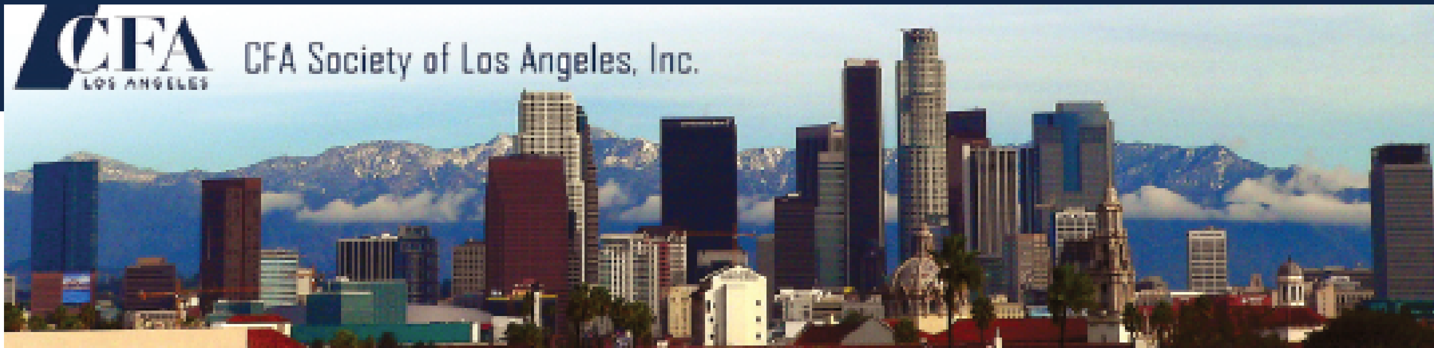


PHOTO: Jeff Lowe

For immediate access to more information, CLICK on any MEDIA link

CFALA Adds Website Newsroom Offering Resources to Reporters

CFALA has added a newsroom to its www.cfala.org website to connect reporters in the Southern California area with the expertise and resources that the society offers.

The newsroom, which is available at http://www.cfala.org/i4a/pages/index.cfm?pageid=3416 has a number of features designed to help reporters and editors who need information on financial subjects in a timely manner. Foremost is a listing of CFALA members, organized by their particular areas of expertise, who are willing to respond to reporters on short notice to provide quotes, perspective and useful background information for developing stories. The experts list can be viewed at http://www.cfala.org/i4a/pages/Index.cfm?pageID=3419.

"We are in a period where financial issues are both more important and more complex than ever," said CFALA President Berkeley Harrison. "The newsroom is one of the many ways in which CFALA pursues the society's objective of disseminating information that helps people understand financial matters and make better decisions in their own lives. We hope members of the media will find it useful and provide us with suggestions on how we can make it even better."

The newsroom has a registration page which enables reporters and editors to sign up for CFALA's quarterly media newsletter and to automatically receive news releases and notifications of upcoming events. Copies of the quarterly newsletter in pdf format are also posted in the newsroom, with embedded links that allow reporters to easily click through on stories that interest them and contact either the original source or the society's media representative.

Other features include a listing of past CFALA news releases, as well as published articles mentioning the society.

MEDIA

For additional information on resources available through the CFALA or for assistance with a specific story, members of the media are welcome to contact Steve Fox directly at (805) 647-8225 or steve@silverfoxco.com.

Proud Sponsors *- CFALA sponsors the Capital Markets Contest as part of the society's ongoing efforts to promote financial literacy. CFALA members also act as mentors to student teams and help in selecting the winners. L-r are: Bill Krantz, Berkeley Harrison and Asha Joshi of the CFALA.*

CFALA Sponsors 2008 Capital Markets Contest

Winning Students Have Economic Advice for Fed Chairman Bernanke

More than 1,100 students from 23 Southern California high schools took part in the 2008 Capital Markets Contest sponsored by the CFALA, with the top team winning $500 for each student and their teacher, as well as an all-expenses-paid trip to New York City. The students, whose trip included visits to two icons of American capitalism - the New York Stock Exchange and Federal Reserve Bank of New York - also had some advice for Federal Reserve Board Chairman Ben Bernanke.

"My biggest piece of advice to Bernanke is to pause the Fed Funds rate at 2% and just ride it out and see how what the Fed has already done affects the economy," said Emma Ogiemwanye, a 17-year-old student on the winning team. "If we see an increase in inflationary pressures, raise the rate 25 basis points."

Ogiemwanye and classmates Jamal Saleh, Nik Matalero, Dora Duru and Daniel Hwang,

(continued)

Capital Markets Contest *(continued)*

from the California Academy of Math and Science in Carson, gave a poised and polished presentation at the contest finals.

MEDIA

"They learned the macro economy in a very deep way," said Greg Fisher, the winning team's teacher. "They learned teamwork. They learned critical thinking. All the skills they have cultivated over the years really come together in this one project. They get a really keen insight into the financial markets and the workings of the U.S. economy, as well as their place in it."

Reaching students early enough to impart financial literacy and critical economic thinking is a major goal of the contest, which also seeks to combat high school dropout rates that run as high as 50% in downtown Los Angeles among African-American and Hispanic students.

"Our society faces a tragic loss of human capital because in downtown LA, approximately 50% of all African American and Hispanic students don't graduate from high school, and statewide it's 30%," said Jim Charkins, Executive Director of the California Council on Economic Education (CCEE), which administers the contest.

"Our overall objective is to help prepare students for successful participation in the economy and there's no question that it's needed. Even when they do graduate, many students don't understand money. The biggest reason students drop out of college in the first year is credit card abuse - they run up big balances and have to quit and go back to work."

A 99% Hispanic, inner-city school - Roosevelt High - produced this year's top stock traders, whose picks boosted a simulated $100,000 portfolio to $130,034.42 over a 10-week period.

"Apple was a big winner for us, and American Steel," said Carlos Ibarra, 18, who captained the Roosevelt team. "The stock market isn't usually something that's presented to us. All of a sudden your eyes are opened to maybe I should become a stockbroker or something." Ibarra's teacher, Javier Cid, believes that exposing students to investing can have a very positive impact on their later lives.

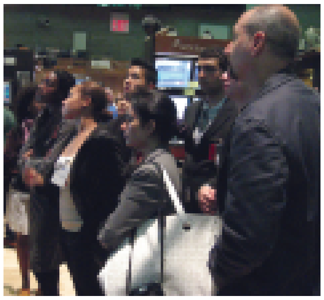
Going to the Big Apple - *Students on the winning team, from the California Academy of Math and Science in Carson, gave a poised and polished presentation at the contest finals. The students and their teacher received $500 each and an all-expenses-paid trip to New York City, where they visited the New York Stock Exchange and New York Fed. L-R are: Emma Ogiemwanye, Dora Duru, Jamal Saleh, Nik Matalero, Daniel Hwang, teacher Greg Fisher and Asha Joshi of the CFALA, who presented the awards.*

Stockpickers -The student team of first-time investors from Roosevelt High School won the stock trading portion of the contest, boosting a simulated $100,000 portfolio to $130,034.42 over a 10-week period. L-r are Lucia Meijia, Edwin Verduzco, Carlos Ibarra, teacher Javier Cid, and Asha Joshi of the CFALA.

"We're in a low-income neighborhood and a lot of our families are not into investing," he said. "This is a different world to my students, but because they are young and more open, they jumped right in and did it. I saw them much more motivated, not just in the stock market but in everything else that we learned."

Berkeley Harrison, president of the CFALA and a judge at this year's finals, notes the contest also teaches ethics. CFALA, whose members also mentor student teams, is a network of investment management professionals working to disseminate useful financial information and increase awareness of the Chartered Financial Analyst (CFAÆ) designation, which is intended to lead the investment profession by setting the highest standards of ethics, education, and professional excellence.

"It's quite likely that some of tomorrow's business leaders are among the contestants and we want them to understand that a commitment to ethical behavior is an integral part of being a leader," Harrison said. "Getting that across is especially important today because students know that there's been a lack of ethical behavior on the part of some members of the business community."



At the Exchange - *Students from the winning team visited the floor of the New York Stock Exchange, where they saw stock traders and specialists handle orders from around the globe.*

The Capital Markets Contest, now in its fifth year, has won praise at the highest levels of education.

"I'm pleased that our students are learning about the capital markets in such an innovative and exciting way," said California State Superintendent of Public Instruction Jack O'Connell. "Students and teachers who participated in this program are to be congratulated."

While there's no official word from our central bankers on whether they're heeding the students' advice, the Federal Open Market Committee did keep the Fed Funds rate steady at 2% at their most recent meeting. Probably just a coincidence. What is certain is that more than 1,100 high school students know a lot more about the American economy and how to manage money than they did a few months ago.

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Regaining the Trust of Investors

By Adrianne Regrutto

Working in conjunction with Mark Harbour, President of the Applied Behavioral Finance Group of the CFALA, and Paul Zak, head of the Center for Neuroeconomic studies at Claremont Graduate University, CFALA member Adrianne Regrutto recently developed the op-ed article reproduced below. The article is currently under submission to major media outlets. CFALA members who wish to develop similar articles for submission to op-ed pages are invited to contact Steve Fox at steve@silverfoxco.com.

One of the little-discussed but quite significant consequences of the credit crisis stemming from the sub-prime mortgage mess is the widespread erosion of trust in our nation's financial institutions among individual investors. Difficult to quantify and less immediately dramatic than headlines about foreclosures, trust is nonetheless the essential element that makes our financial markets work.

We can see the effects of diminished trust when banks decline to loan to each other because they don't trust their counterparty's balance sheet, when the arcane but important auction-rate market for municipal agency obligations seizes up, when Bear Stearns suffers a classic "run on the bank," and in many other areas where our formerly well-functioning markets simply stop working.

On a macro level, trust is a critical front in the battle the Federal Reserve Board is waging to keep the economy healthy. Lower interest rates don't mean much if lenders aren't willing to lend, and AAA ratings on bond issues don't carry much weight with buyers who don't trust the rating agencies. The much-criticized shotgun marriage between Bear Stearns and JPMorgan engineered by the Fed was largely about shoring up trust, and the equity markets have been stronger ever since.

While the Bear Stearns deal signaled the Fed's willingness to save an important financial institution, it also underscored a reality that individual investors know all too well: no one is going to step in and bail them out. The losses investors have suffered on mutual funds, "widows-and-orphans, safe-dividend" bank stocks and other holdings they thought were being managed prudently are theirs alone. It's little wonder that various public surveys show abysmal levels of trust in our financial institutions, regulators, and policymakers.

This is a particularly unfortunate time for trust to be so severely damaged, given the timing of both baby boomers hitting retirement age and the largest intergenerational transfer of wealth in our history being well under way. With the need so great, people need to be able to trust their financial institutions and the financial professionals who advise them. Having squandered that trust, it's up to those same institutions and professionals to win it back.

> ## *Why the CFA Designation Matters*
>
> When you place the CFA designation after an investment professionalís name, your audience knows that this person is an expert in the field of financial analysis and investment decision-making. Using the CFA designation means that you're quoting a professional who has passed the industry's most rigorous exams and has made a personal commitment to always put the interests of investors first.

A good start would be an admission of error and statement of contrition by those who now head our banks, brokerage houses, rating agencies, regulatory agencies, and other important institutions. This will be tricky in our litigious society, but it can be achieved, and it's important. The public doesn't have to understand all the ramifications of derivatives or securitization in order to recognize that people who should have known better did not take action. Mistakes were made; let's say so.

A salient feature of trust is that it is largely interpersonal. In other words, people who don't fully trust a specific financial institution can and often do simultaneously trust a representative of that institution - an individual financial advisor. This means that financial advisors have an opportunity - perhaps even an obligation - to meet one-on-one with their clients and address their fears and suspicions. Personal communication is more important in bad times than good, and a wholesale commitment by advisors to reach out now would go a long way towards ameliorating the uncertainty and anxiety that investors are feeling.

Last but certainly not least, investors themselves might do well to reassess how they evaluate their advisors and the institutions to which they entrust their money. Here are some suggestions:

- *Make sure you, your advisor and your financial institution are on the same page with regard to risk. Talk about what risk means to you and what level of risk is acceptable. This includes a thorough discussion to review possible changes in your cash flow or property values that can change a reasonable debt load into an unworkable disaster.*
- *Make sure you understand your advisor's fees and degree of accountability. Get this in plain English.*
- *Know what you can expect. Investors expected stability and risk management from their institutions, and they didn't get it. Discuss this with your advisor and be prepared to take your business elsewhere if you don't like what you hear.*
- *Clarify the legal status of your advisor. An advisor who acts in a fiduciary capacity is bound by a higher legal standard than one who acts as your agent.*
- *Align your goals. Achieving your goals should pay off for you and your advisor, and vice versa. Ask for an arrangement under which some of your fees are held back until you can evaluate the quality of the services you are receiving. This might include some performance metric - not necessarily an arbitrary portfolio percentage return but something based more on service, perhaps the number of face-to-face meetings.*
- *Ask for a bond. Has the institution established a cash reserve to fund client claims for non-performance? This is a point you can raise.*
- *Check references. Here you want to talk not just to other clients but also to professionals in other fields who have worked with the advisor. If the advisor can't demonstrate collaborative skills, move on.*
- *Look for professional designations that require ethical standards. Many professionals must subscribe to an ethical code of conduct to receive a specific designation. Examples include Chartered Financial Analyst (CFA), Certified Financial Planner (CFP), and Certified Investment Management Analyst (CIMA). Ask about this, and ask to see the specific code of conduct.*

Financial markets are inherently uncertain and require trust in people and institutions. However, understanding, measuring and managing risk are objectives everyone can support. Let's make lemonade out of lemons and use the sub-prime/credit crisis as a rallying point for better accountability, higher standards and a return to an environment of trust.