



CFA Society of Los Angeles, Inc.



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PHOTO: Jeff Lowe

## 2009 ANNUAL MEETING:

### Asha Joshi Turns President's Responsibilities Over to Ken Yee

Outgoing CFALA President Asha Joshi, CFA, recounted an impressive list of society achievements over the past year as she welcomed Incoming President Ken Yee, CFA, who will assume the responsibilities of the position Sept. 1.

Noting that CFALA has faced a challenging environment during her tenure, Joshi said she was "pleased to report that the society has not only been able to maintain its regular activities but has added a few as well." She mentioned that CFALA's membership has grown to more than 2,000 members and thanked the group's many hard-working volunteers.

Joshi's remarks during the society's 78th annual meeting, held June 10 this year at The Montage Hotel in Beverly Hills, were "webcast" live to CFALA members in Santa Barbara, a technological first for the group made possible by a special grant awarded to the society by the CFA Institute. Joshi led the effort to win the grant, which will enable CFALA to webcast its events in real time over the Internet to other Southern California locations such as the Westside and Pasadena. She noted that the institute had singled out CFALA's grant application as one of the best submitted for the 2008-09 cycle and posted it on the CFA Institute's website as an example to other societies.

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*Taking Over - Incoming CFALA President Ken Yee set forth an ambitious agenda for his term, which begins Sept. 1*

### Students Learn About Economy, Stocks in Capital Markets Contest

A student team from Centennial High School in Bakersfield took first place in this year's Capital Markets Contest. Each team member won \$500 and a free trip to visit two icons of American capitalism — the New York Stock Exchange and the Federal Reserve Bank of New York. This year's finals drew the attention of the Los Angeles Times, which published a story on the program, which is sponsored by CFALA in conjunction with the California Council on Economic Education (CCEE).

More than 1,200 students from 19 Southern California schools, many of them with low-income families, competed to become one of 10 teams in the finals, which were held this year at the Federal Reserve Board's Los Angeles office.

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*Winners - Centennial High School Teacher Brett Dobson, far left, with the winning student team, l-r: Josh Novins, Charles Clow, Laurie Shafer, and Kenyon Christensen*

### CFALA Experts Are Quick Resources For Reporters

CFALA members with expertise in a wide variety of subjects are available to speak with members of the of the Southern California media by going to the experts page of the CFALA newsroom. — **EXPERTS**

The CFALA experts list includes respected analysts, portfolio managers and researchers who are willing to respond to reporters on short notice to provide quotes, perspective and useful background information on developing stories.

Among the many topics covered by CFALA experts are behavioral finance, defined contribution investing, distressed assets investing, U.S. equities, international equities, forensic economic analysis, hedge funds and alternative investments, hedge fund and investment adviser compliance, investing for non-profits, investment management, mortgage and asset-backed securities, mutual fund investing for individuals and 401(k) plans, neuroeconomics, retirement plan investing, single stock exposure solutions, valuation for tax and financial reporting, value investing, and wealth management.

### Why the CFA Designation Matters

When you place the CFA designation after an investment professional's 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.

## Annual Meeting *(continued)*

CFALA continues to provide informative seminars for members, Joshi said, including recent topics such as: How to Master the Job Interview; How to Make Good Decisions in Challenging Times; and Managing through Chaos. She mentioned the CFA Review Program, which has now been operating for 25 years (see accompanying article) and noted that the program will again be provided free over the Internet to members of the U.S. Armed Forces on active duty around the world (see accompanying article). Joshi also noted that CFALA sponsored the Los Angeles Capital Markets Contest again in 2009. This community outreach program, which promotes financial literacy among high school students throughout Southern California, was featured in a Los Angeles Times story earlier this year (see accompanying article).

Joshi then introduced Ken Yee, who praised her many contributions to CFALA over the past 10 years and presented her with the Outgoing President Awards before outlining his goals for the coming fiscal year. Yee listed four main areas of focus:

- *Providing more value to members and improving the overall member experience by maintaining/increasing career-development and career-related activities.*
- *Expanding local membership to diversify CFALA's membership base, develop financial flexibility and increase public awareness.*
- *Strengthening internal controls within the current operations and increasing operational efficiency.*
- *Focusing on volunteer/leadership development, including developing a reward system to encourage more members to volunteer and to participate in society committees and executive positions.*



*Multimedia Meeting - CFALA President Asha Joshi addresses the membership during CFALA's Annual Meeting, which was webcast live to society members in Santa Barbara, shown here on the screen behind her.*

Describing his objectives as “a fairly daunting list,” Yee told those attending that “with your support and participation, I hope to achieve these goals by the time my term is completed.”

In addition to Yee, a new board of directors and incoming slate of officers was elected, including Asha Joshi, CFA, Immediate Past President; George Dennis, Vice President; James Lewis, CFA, Treasurer; Roger Gewecke Jr., CFA, Secretary; and directors, Kerry Gawne, CFA, A. Mark Harbour, CFA, Larry Harris, PhD, Rama Malladi, CFA, Adrienne Regrutto, and Stephen A. Stewart, CFA.

## Government Actions Worsened Financial Crisis, Stanford Prof. John Taylor Tells CFALA Members

The primary causes of the current financial crisis were government actions and interventions, not sub-prime mortgages, misbehavior on Wall Street or any inherent flaw in the U.S. economy, Stanford University Prof. John B. Taylor told about 200 attendees at CFALA's annual meeting.

The crisis developed following predictable — and avoidable — patterns, Taylor said, with monetary excesses leading to a housing boom and subsequent bust. He cited the Federal Reserve Board's policy of keeping interest rates artificially low between 2003 and 2005 as the primary culprit, abetted by risky mortgages, mortgage securitization, poor performance by rating agencies, and

government policies that greatly expanded the mortgage portfolios of Fannie Mae and Freddie Mac. Once the crisis hit in the summer of 2007, government proceeded to make it worse, Taylor said.

**“it is urgent that we return to sound principles of monetary policy”**

“Government actions helped prolong the crisis,” Taylor said. “Early on, policy makers misdiagnosed the crisis as one of liquidity and prescribed the wrong treatment,” he said. Rather than addressing the foundational issue of counterparty risk and focusing quickly on the quality and transparency of bank balance sheets, Taylor said the government responded with a year's

worth of ineffectual measures.

“It did not have to be this way,” said Taylor, who is widely known for his research on the foundations of modern monetary theory and policy, and whose “Taylor Rule” on how central banks should develop monetary policies has been followed by governments around the world.

“To prevent misguided actions in the future, it is urgent that we return to sound principles of monetary policy, basing government interventions on clearly stated diagnoses and predictable frameworks for government actions. Massive responses with little explanation will probably make things worse. That is the lesson from this crisis so far.”

Taylor's latest book is “Getting Off Track: How Government Actions and Interventions Caused, Prolonged, and Worsened the Financial Crisis,” which offers empirical research on the current financial crisis.

## Capital Markets Contest *(continued)*



*Prior Crashes - Students compared the magnitude of the recent bear market with stock market crashes going back to 1929.*

Each team gave a brief presentation to a panel of judges on the nation's economic and financial woes, concluding with advice for Fed Chairman Bernanke on what he should do now.

"The wheels here need to be greased," said Charles Clow, 18, a member of the Centennial team coached by teacher Brett Dobson. "People have to want to spend money again and that's our problem — they don't want to spend money. We need to increase government spending and cut income taxes and payroll taxes and get money flowing."

Clow and teammates Kenyon Christensen, 18, Laurie Shafer, 17, and Joshua Novins, 18, graduated from high school the day after winning the contest, which promotes economic and financial literacy. A major objective of the overall program is to combat high



*All Smiles - Asha Joshi, president of CFALA, which sponsors the Capital Markets Contest, received an award from Bill Coffin, Chairman of the CCEE.*

school dropout rates, which run as high as 50% in downtown Los Angeles for African-American and Hispanic students.

The Capital Markets Contest begins with a 10-week stock trading challenge, with each team of four investing an imaginary \$100,000 using a stock market simulator website. Finalists must go deeper, submitting an essay on the current and future state of the economy and summarizing their views in a presentation to a panel of judges.

"The contest teaches students that they are an important and integral part of our economy and financial system, as their individual actions have ripple effects on society," said CFALA President Asha Joshi, who was on hand to present awards to the top three teams. "Learning that lesson at an early age can make a big difference in the lives of these fine young people and we are glad to sponsor the contest."

The program, now in its fifth year, also teaches teenagers to back up their opinions with research and reflection, said Jim Charkins, executive director of the CCEE.

"What we do is we try to get the kids to start thinking about the choices they make and the cost of each choice, not only in an economic cost-benefit sort of way but in general," Charkins told the Times. "Every choice a person makes has a cost, and if we can just teach these kids that fact, then that's enough. They don't all have to become economists."

## Program Again Offered To Military Personnel

CFALA and the USC Marshall School of Business will again provide free study courses over the Internet for active-duty U.S. military personnel stationed abroad who wish to earn their Chartered Financial Analyst  $\text{Æ}$  designation.



"More than 20 soldiers and sailors stationed all over the globe enrolled in the inaugural online program for the military last year, indicating a high level of interest," said incoming CFALA President Ken Yee, CFA, noting that the enrollees included several stationed in Iraq. The free online program is also available to members of coalition forces serving in Iraq or Afghanistan.

"We are proud to help these dedicated people who are simultaneously serving their country and preparing for a civilian career in the investment industry. Our program with the Marshall School is now in its 25th year and we think that offering the free online courses again is a great way to celebrate that milestone. We want active duty personnel to know that the program is available to them."

Among those who took advantage of the ground-breaking program last year is Ensign Billy Griffin, a 22-year-old Naval Academy graduate now stationed aboard USS Peleliu in San Diego, CA.

"I thought the offer was extraordinarily generous," Griffin said. "I'm really interested in finance, and my goal is to finish all the CFA exams by time my five-year service commitment is finished. I'm not sure if I'll stay in the Navy beyond that, but if I choose to get out, the CFA program will undoubtedly help facilitate an easier transition into the financial world."

Another enrollee, 42-year-old Army Lieutenant Colonel Mike Kolb, accessed the courses by computer from Kaiserslautern, Germany, where he is Chief of Plans and Operations for the Human Resources Sustainment Center.

"I wanted to take advantage of the CFA program to keep my financial skills current," said Kolb, who has already had a career in finance and now sees a college campus in his future.

Further information on the CFALA Review Program, a brochure describing the streaming media program, and an Active Duty Service Members' Application are available at [www.cfala.org](http://www.cfala.org) or [cfareview@cfala.org](mailto:cfareview@cfala.org). The next review program will begin in August.