

TOP STORIES IN Markets



The Dark Side of QE3 for Investors

1 of 12



China Watch Sales Aren't Like Clockwork

2 of 12

CEOs Dress Their Companies to Impress

3 of 12

MARKETS | October 20, 1987 FLASHBACK

The Market Debacle Rouses Worst Fears of Little Investors

Many Are Beginning to Talk in Terms of Doomsday; Big Investors Are Braver

Article

Stock Quotes

Comments (1)

MORE IN MARKETS >

A Wall Street Journal Roundup

A version of this article appeared October 20, 1987, on page 1 in the U.S. edition of The Wall Street Journal.

The little investor doesn't know where to turn, although bigger ones are putting up a brave front.

"I'm scared," says Julie Ianotti, an executive secretary in Houston. "My stock is my nest egg, for a house or something. Should I sell? Tell me, should I sell?"

When Ms. Ianotti's mother suggested the price drop could portend a new depression, the young Ms. Ianotti at first scoffed at the idea. "I said, 'Yeah, sure, Mom. It'll go back up.'" But as the Dow Jones Industrial Average was taking a record plunge yesterday, Ms. Ianotti says she began giving more thought to her mother's stories about subsisting on water and sugar in the Depression.

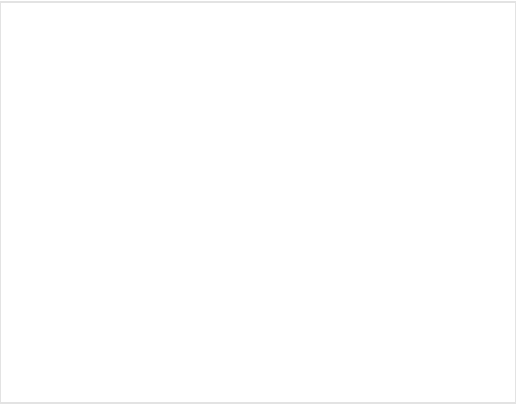
Although small investors like Ms. Ianotti were starting to talk in doomsday terms, many fatter cats seemed more smug.

Leo Fields of Dallas, for one, says he is drawing up a list of two dozen stocks he wants to buy, having sold a number of holdings a few weeks ago. A member of the Zale family that sold its stake in the jewelry chain last year, Mr. Fields invests in the stock market for himself and his children. He says he believes the current free fall is a correction rather than a crash. "It's difficult for me to see a 1929 revisited," he says, adding that he expects another big rally by next year.

While the stock-quotation tape was running more than an hour behind transactions yesterday, he wasn't sure what he had paid for Eli Lilly (LLY -1.77%) & Co. and other pharmaceutical stocks ordered hours earlier. His computer wasn't much help because his screen doesn't show market drops of more than 99 points.

Some large investors had good reason to be sanguine, having liquidated most of their holdings in recent weeks. Investor Marvin Davis said as recently as Oct. 12 that he had got entirely out of the market by summer's end. His son John Davis now says, "Our theory has been for the last eight months to a year that the market was incredibly overpriced. There's going to be a wonderful opportunity once the market has found a new lower level."

Among other large investors said to have left the market in recent months are the Pritzker family of Chicago and Lawrence Tisch of New York.



Don't Miss

Powered by Taboola



America's Top Health-Care Honchos From Stephen Hemsley ...

03:09



Barroso, Van Rompuy, Cameron, Merkel, and Hollande at EU Su...

02:29



Debate Moderator Comes Under Fire After Interrupting Romney

01:08

STREAM

SHARE

TWEET

Live: Markets Pulse

Irving "Swifty" Lazar, the 80-year-old literary agent, says he was fortunate enough to get a tip from his friend Sir James Goldsmith six months ago to sell everything.

"I sold about 80% of what I had in the market, on his advice," Mr. Lazar says. He adds that he isn't too worried about the broader effects of the market decline, although he vividly recalls the closing of his family's bank in Brooklyn, N.Y., as a result of the crash of 1929.

Among smaller players, even those seldom drawn in were watching the quote boards yesterday. Investors crowded the sidewalk outside a Fidelity Investments office on the corner of Park Avenue and 51st Street in New York, watching the stock postings in horrified fascination.

For more than an hour during lunchtime, the information board inside Fidelity's walk-in investment center showed the Dow Jones Industrial Average off 148.50 as of 12:10 p.m. Normally, figures are updated almost continuously. But the information board, like the stock market itself, was out of order. That didn't stop investors from exclaiming aloud over their misfortune.

"I feel terrible," says Hossur Srikantan, a communications manager for Union Bank of Switzerland. Mr. Srikantan says he put \$100,000 into the market about 10 days ago, the proceeds of a thrift-plan settlement from his previous employer. "I've lost 25% of it," he says.

Even more downcast are Mel and Haryce Lomasky, owners of a photo reproduction business, who say they had three-quarters of their assets in the stock market. "We've lost more than \$200,000," says Mrs. Lomasky. "We're going to get margin calls." The couple say they made a decision to hold fast when the market started its big slide last week. "We're just praying a lot, but I see it's not working," Mrs. Lomasky says.

Richard Hollander, a computer-systems programmer for the New York City government, says, "I feel like it should go up, so I've been holding. I'm stubborn. Stubborn and stupid, apparently."

Tom Annear, an advertising marketer, says he can't believe his eyes, as he walks up and glances at the board. He says that he pulled 80% of his money out of stocks on Friday and was "real glad" about that, but that he still has some energy and medical stocks. "There's just too much turmoil for this little guy here," he says.

A young, well-dressed woman, who says she owns stocks but doesn't handle her own portfolio, says simply, "The sky is falling."

Meanwhile, some investors who have avoided the stock market or left it recently were congratulating themselves on their good sense or good luck.

Arnie Smith, unloading fish from a truck at the corner, laughs as he surveys the intense, suit-and-tie-clad crowd. "I own some stocks in my IRA," he says. "But what can you do? If you told people four years ago that the Dow would get to 2,700, they wouldn't have believed you. You go to Atlantic City, you shoot the craps."

The New York attitude is reflected around the nation. Robert Anderson, the national sales manager for Amphenol Corp. APH -1.07% in Marlboro, Mass., says "I'm semidepressed, but I'm not going to bail out." He calculates he lost some \$10,000 by midafternoon before the final results were in. "I told my broker I'd hang in for a while more. Overall, I've got less than 10% of my net worth in stocks. If I lose everything, it isn't a catastrophe," he says.

However, Mr. Anderson is disillusioned by the market. "They've got computers that key on other computer indicators. It doesn't seem as if we have a lot of human intervention from these million-dollar-a-year portfolio managers."

In Dallas, Don Emig, a 28-year-old area sales manager for Julius Schepps Co., a liquor, beer and wine wholesaler, is only affected indirectly through his company's

[GO TO FULL MARKETS STREAM »](#)

FOLLOW MARKETS PULSE ON THE GO
[WSJ.com/marketspulse](#) on your smartphone or tablet

Most Popular

[Read](#) [Emailed](#) [Video](#) [Commented](#)

1. [Romney Ties Obama in Poll](#)
2. [The New Face of Infidelity](#)
3. [My 6,128 Favorite Books](#)
4. [Beirut on Edge After Car Bomb](#)
5. [Midwest Jobs Data Shape Electoral Map](#)

[Most Read Articles Feed](#)

Most Popular in Markets

- [Wary Swiss Banks Shun Yanks](#)
- [Oil Sinks on Demand Concerns](#)
- [Is That a Ferrari in Your Portfolio?](#)
- [Unhappy Anniversary, Dow](#)
- [Hong Kong Acts to Weaken Currency](#)

Sign Up For Markets News By Email

The latest news and analysis delivered to your in-box. Check the boxes below to sign up.

- FX Morning Call: New York
- The Morning MarketBeat
- Deal Journal
- In Today's Paper
- Heard on the Street

[SIGN UP](#)

New! To sign up for Keyword or Symbol Alerts click [here](#).

To view or change all of your email settings, visit the [Email Setup Center](#).

Vote and Discuss

Should shareholders have an annual binding vote on director pay?

- Yes
- No

[SUBMIT VOTE](#) [View Results »](#)

Latest Tweets



philizzo: Trying to find a fair accounting of dropouts in the unemployment rate. @bencasselman wrestles with the math <http://t.co/n8ccq0TVJ>
1 day ago



WSJmarkets: Is That a Ferrari in Your Portfolio? <http://t.co/a78y8fk3>
1 day ago



WSJmarkets: Wary Swiss Banks Shun Yanks <http://t.co/isl0ZfA9>
1 day ago

profit-sharing plan and thus isn't worried at this point. "I'm not losing any sleep over it," he says. "In my everyday life I can't do anything to affect it when I wake up in the morning." He also can't imagine the current plunge having any long-term economic impact. "The government isn't going to stand by and let that happen," he says.

A number of small investors conclude that it is too late now to bail out. "I'm scared to death, but what the hell, I'm going to leave it there," says Jerry Nasello, a salesman at Global Imports Inc., an Atlanta [BMW](#) [BMW.XE -0.05%](#) dealership, who says he is "about 90%" invested in the stock market. "If I was going to do anything, I would have done it by now."

Robert C. McCollum, an elementary-school principal in Galena Park, Texas, says, "I'm staying in, but I'm getting more frightened by the minute. For someone on my kind of salary to lose \$10,000 or \$15,000 in a few days, you know it hurts."

Mr. McCollum says that about eight days ago, he considered taking his "sweet" profit in Compaq Computer shares, which had tripled in value since he bought them -- but he decided against selling. Then, over the weekend, he considered unloading stocks -- but again decided to stay in. "I thought that reason would take over and it would stabilize," he says. "That was my gamble."

Now, he says, "I'd jump out of the window, but it is a first-story window and I'd only skin my knee."



WSJmarkets: Thiel in Talks to Invest in Airbnb at \$2.5B Valuation <http://t.co/LuY28WII>
1 day ago



WSJmarkets: The Best Candidate for Investors Is... <http://t.co/hF9Pj6rb>
1 day ago

Follow WSJ on

JOIN THE DISCUSSION
1 Comment, add yours

MORE IN
Markets »

You Might Like

- Flashback: Big Investors Say They Knew Better Than to Overstay
- Do You Make the Asset Cut?
- Debt Fuels a Dividend Boom
- Raptors beat Knicks 107-88 in Montreal
- Sex Surrogates and the Virgins Who Love Them

From Around the Web

- Content from Sponsors [What's this?](#)
- Billionaires Dumping Stocks, Economist Knows Why (Moneynews)
- China-Korea Tensions Rise After Failed Venture (The New York Times)
- How Rich People Think About Money (Really) (MarketRiders.com)
- ATM error costs BofA big time (Bankrate.com)
- How Much Money Do You Really Need to Retire? (E*TRADE Securities)

Add a Comment

[View All Comments \(1\)](#)

JOURNAL COMMUNITY

[Community rules](#)

All comments will display your real name. Start typing your comments here...

Track replies to my comment

CLEAR

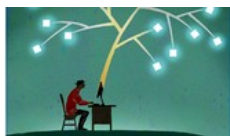
POST

[Login with Facebook](#)

Editors' Picks



The Best Candidate for Investors Is...



Why Can't Things Get Better Faster (or Slower)?



Rothschild Hits an Indian Wall



Sidesaddle: Secret Weapon of the Putting Game?



Translating 'Cloud Atlas' Into the Language of Film



[Back to Top](#)

Customer Service

- [Customer Center](#)
- [Contact Us](#)
- [Contact Directory](#)
- [Corrections](#)

Policy

- [Privacy Policy](#)
- [Data Policy](#)
- [Copyright Policy](#)
- [Updated: Subscriber Agreement & Terms of Use](#)

Ads

- [Your Ad Choices](#)
- [Advertise](#)
- [Advertise Locally](#)
- [Place a Classified Ad](#)

Tools & Features

- [Apps](#)
- [Newsletters](#)
- [Alerts](#)
- [Graphics & Photos](#)
- [Columns](#)
- [Topics](#)
- [Guides](#)

More

- [Reprints](#)
- [E-books](#)
- [Content Partnerships](#)
- [Conferences](#)
- [SafeHouse](#)

[Jobs at WSJ](#)

Copyright ©2012 Dow Jones & Company, Inc. All Rights Reserved.