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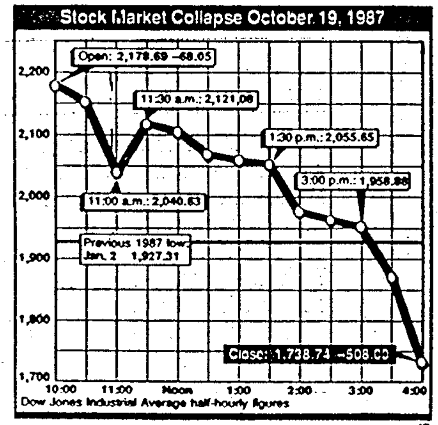
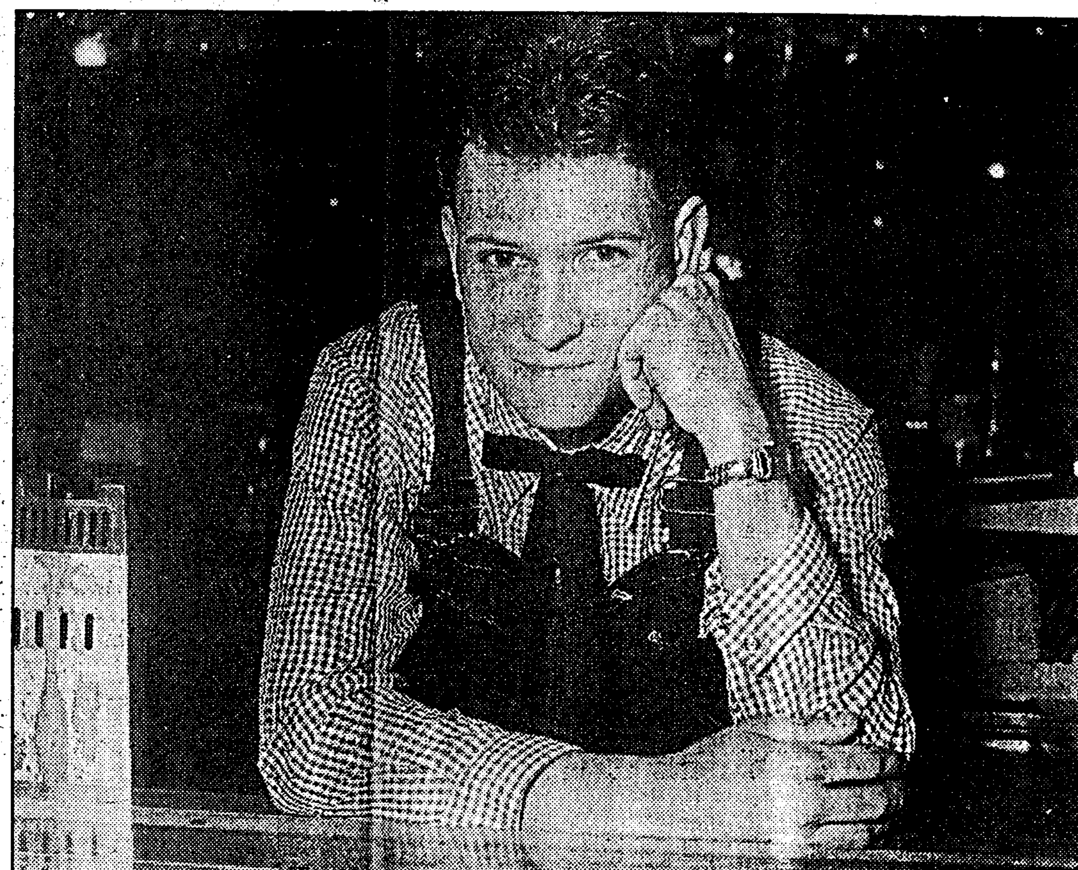


The gain after the pain (of the crash)



Staff photo by Robert Thomason
John Aschenbrenner took a night job at the Angus Barn to help make ends meet

Yuppies stumbled, but world didn't crash with Wall Street

By SHARON OVERTON
Staff writer

In the weeks after Black Monday on Oct. 19, 1987, the following advertisement appeared in The News and Observer:

Competent Mature Stock Broker wishes to explore employment possibilities outside the Securities Industry.

About the same time, a joke was making the rounds on Wall Street.

Question: What do you call an ex-stock broker in New York?

Answer: Waiter!

Exactly one year ago, the bottom fell out of the stock market. By closing time that day, the market had dropped 508 points, ending a five-year period of unprecedented expansion. In New York, well-dressed young men and women who had been drawing six-figure salaries emerged from the floor of the New York Stock Exchange in a daze, wondering how they were going to make their next BMW payment. New York magazine reported that as a crowd gathered on Wall Street, like spectators at a fire, a man circulated on the fringe shouting, "The end is near! Down with the MBAs!"

There was a fairly widespread, if seldom expressed, sense of satisfaction that the whiz kids finally were getting their due. Some people already were predicting the Fall of the Yuppie.

One year later, the yuppies are still alive and well, though some have traded their BMWs for Isuzus and many are tightening their crocodile belts. On Wall Street, 15,000 people lost their jobs over the last year and analysts predict that 5,000 others will go as the fallout continues. The repercussions have been felt in the Triangle as well, as business dropped off and many brokerage firms were forced to merge or sell out to larger operations.

But for the most part, the consequences of Black Monday have not been as dire as many people expected. Some people who left or were forced out of the market have found new careers in different fields. Those who weathered the storm say they have come through wiser, though less likely to take risks. And some young hopefuls continue to enter the profession.

Bruce C. Loveday was a senior vice president for Carolina Securities Corp. He lost his job when his troubled company was sold earlier this year to a New York firm. He since has started a business called Foliage Design Systems, which installs and maintains plants in offices and hotels.

"A year ago, I never imagined I would be doing this," says Mr. Loveday, 44, who says horticulture was a college hobby.

Since the crash, he has had to scale down his lifestyle somewhat. For instance, he canceled a skiing trip last winter and traded his Nissan 300 for a small pickup truck. Otherwise, he is optimistic about the future.

A year ago, "we were trying to prevent something from coming to an end. That was pretty stressful," he says. "Now I'm trying to raise something up and grow something, which is more positive."

Mr. Loveday is not the only former Carolina Securities executive to find a new line of work. One executive is working as a corporate travel agent in the Triangle and another is opening a bed and breakfast in Williamsburg, Va. But while many people have left the securities business in the last year, a few have chosen this time to get in. They quickly discover that the days of six-figure salaries and large bonuses are gone.

John Aschenbrenner, 29, became a broker in April after running a talent agency in Raleigh.

"I didn't realize how discouraging it would be when I started," he says. "As it turns out, not only did most of the clients not want to speak to their current brokers, they definitely did not want to speak to a new one. I really took a beating on the phone. People were cursing me and blaming me for the crash."

Mr. Aschenbrenner took a night job as a bartender at the Angus Barn to make ends meet. Soon he was dispensing financial advice to the waiters and waitresses. Recently, his stock sales picked up enough that he was able to give notice at the restaurant.

He's still not getting rich, he says. "I drive an '85 Cavalier with valve problems and I can't afford to get it fixed."

But he also is not giving up. "I promised myself to do it. Hopefully the cream will rise to the top."

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The gain after the pain

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Five years ago, business school graduates flocked to investment banking as a glamorous and profitable profession. Unlike their older counterparts, these young MBAs had never seen the market turn bad. And they hadn't yet learned the lessons of Ivan Boesky and the insider trading scandals. Many thought the good times would go on forever.

"You're making a lot of money and you think it will never end, so you go out and buy a lot of toys," says William A. Langley Jr., president of the Raleigh firm, Banyan, Rock and Talent. "Those are the ones who very likely aren't here now. They got in, they got chewed up, they got spit out and the system moves on.

"There are a lot of used Porsches for sale now," Mr. Langley says.

After a brief decline in business school enrollment in finance majors after the crash, students are once against interested in investment banking as a career, according to a "Black Monday Survey" taken recently by the Fuqua School of Business at Duke University.

"The interest in finance largely has to do with how the economy is doing," explains Dr. Campbell R. Harvey, an assistant professor of finance at Duke. "It's now clear that the crash has had little or no impact [on the economy], so the interest is still high, or even higher."

So did the financial community learn any lessons at all from Black Monday? Will yuppyism continue unscathed and unimpeded?

Hugh M. Dyson Jr., branch manager for Interstate Securities in Raleigh, thinks not. He knows of no one in this area who lost a home or became destitute as a result of the crash. However, some people saw their incomes drop by as much as 20 percent and the securities industry as a whole remains depressed. He believes that many people just now are beginning to realize the long-term effect of Black Monday on their lives.

With the approaching holidays, a time of anxiety for many people anyway, the "psychological malaise" that has settled over the industry will be felt even stronger, he says.

"This time a year ago, we were dislocated, we were shell-shocked, we were unnerved. But for the most part, our reserves [both emotional and financial] were intact," Mr. Dyson says. "Here we are a year later and the reality comes home more so now than a year ago.

"My guess is the stress levels are going to accentuate from here."