

# Think smart, don't buy into investment hype

Special to Sentinel-Voice

Volatility in the financial markets often is a catalyst for a spate of news stories offering the latest stock tips and other investment advice. Unfortunately, the onslaught of information only ends up creating panic and confusing investors. Too often, this scenario results in willy-nilly changes to your portfolio that you may regret later.

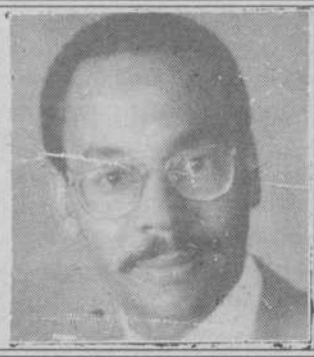
One of the best ways to handle the normal ups and downs of the financial markets is to build a portfolio based on your needs rather than in reaction to markets gyrations. Here are some questions you should ask yourself about your portfolio:

**1. Do your investments meet your specific objectives?** Investments that pay regular interest and dividends are considered "income" investments. A "growth" investment is one in which you hope to benefit from the increasing value of the investment. If your investments do not match the objectives of your portfolio (income, growth or a combination of the two), you may want to consider finding those that do.

**2. What are the risks?** Generally, the more return potential an investment has, the greater the risk. Conservative investors usually prefer taking less risk so their portfolio is less volatile and less exposed to market changes. Aggressive investors usually take more risks with the intent to increase their portfolio's growth potential. Speculative investors are clearly the biggest risk-takers, willing to risk large amounts of their portfolio in exchange for the possibility of making an even larger profit. Which one are you? Do your investments

## Financial Report

By Fred T. Snyder



match your risk profile?

**3. Do your investments offer tax advantages?** While tax considerations should not dominate your investment decisions, you should include taxes in the investment equation. For example, tax-advantaged investments such as municipal bonds offer federally tax-free interest although they may still be subject to the alternative minimum tax. Stocks offer tax deferral on their price growth as long as you hold on to them (you'll still have to pay taxes on your dividends). Keep in mind the return and principal value of an investment fluctuates with changes in market conditions. Other investments, such as annuities and certain life insurance policies, provide tax-deferred growth so that you can postpone taxation altogether until you withdraw funds. Withdrawals are subject to income tax and if made prior to age 59-1/2 could be subject

to 10% IRS penalty.

**4. How "liquid" are your investments?** Investments also should be judged by your need for liquidity, which means how easily you can convert the investment into cash on short notice without losing too much of its value. For example, stocks are more liquid than certificates of deposits, also called CD's, because you can sell a stock and receive cash for it. With a CD, you cannot touch your money for specified time period. For some investors, this may not be an issue; but for those who do not have vast financial resources, a liquid investment may be a necessity.

**5. Are your investments long term or short term?** Like the question of liquidity, knowing the time frame of an investment can influence your portfolio decisions. Some investors want to see results in six to twelve months, while others seek long-term appreciation and are comfortable holding on to their investments throughout market fluctuations. You may be saving for a particular purpose, like your child's college fund, or for a new house or retirement. All these goals have different time frames in which you'd want to see investment growth.

If the investments in your portfolio fit your needs and investing personality, it may not be necessary to make major changes to your portfolio in times of high market volatility. Planning is always better than reacting.

This article was provided by Fred Snyder of A.G. Edwards & Sons, Inc., member SPIC.

## Supreme Court Justices bar epithets as on-the-job free speech

Richard Carelli

WASHINGTON, D.C. (AP)— Rejecting a free-speech appeal from the nation's second-largest car rental company, the Supreme Court today refused to let an Avis employee use ethnic epithets at his San Francisco International Airport job.

The justices left intact a ruling in which the California Supreme Court said an Avis Rent a Car service station manager who harassed co-workers with bigoted words could be ordered to stop using such language at work in the future.

Today's action, taken over Justice Clarence Thomas' dissent, set no national pre-

cedent. But it left standing a decision Avis lawyers said gives California judges "astounding" new power to impose prior restraints on speech.

The challenged ruling "obliterates fundamental free-speech guarantees, concluding that racially offensive speech is constitutionally unprotected and can be banned in advance in the workplace," the Avis lawyers said.

The Avis appeal did not challenge a jury's finding that both Avis and station manager John Lawrence illegally discriminated against Hispanics employed as drivers to move rental cars between

parking lots and check-in and service areas.

The company and Lawrence had been sued by 17 Hispanic employees in 1993.

The lawsuit said Lawrence's treatment of them - constantly calling them vulgar and derogatory names based on their ethnicity and lack of English skills - violated the state Fair Employment and Housing Act.

The lawsuit accused Avis of doing nothing to stop Lawrence.

Avis was ordered to pay a \$135,000 award to eight Hispanic employees.

The company challenged Judge Carlos Bea's injunc-

tion prohibiting Lawrence from using epithets against all Hispanic employees and ordering Avis to stop him if possible. Violations of the injunction are considered contempt of court.

The state Supreme Court, by a 4-3 vote last August, said the judge's order "does not violate ... freedom of speech if there has been a judicial determination that the use of such epithets will contribute to the continuation of a hostile or abusive work environment."

The spoken word, if discriminatory, can lose its constitutional protection "like violence or other types of potentially expressive activi-

ties that produce special harms distinct from their communicative impact," the state court said.

The Avis appeal said the finding of past harassment "is constitutionally irrelevant" and cannot be used to justify the restraint on future speech. Avis "does not condone racial discrimination in the workplace."

"However, the issue here is speech, not discrimination, since the injunction extends to the use of words that (do)

not violate the law," the appeal said.

In a dissenting opinion, Thomas said, "Even if some types of harassing speech in the workplace do not enjoy First Amendment protection, there has been no showing that a prior restraint, rather than the less severe remedy of money damages for any future violations, is necessary to regulate Lawrence's speech."

The case is *Avis vs. Aguilar*, 99-781.

## Cigarette manufacturers acknowledge risk

MIAMI (AP) — Three years ago, the nation's five largest cigarette companies stood as one, saying there was no proof that smoking caused disease.

Liggett was the first to break ranks, in 1997. On Tuesday, Brown & Williamson and Lorillard also acknowledged smoking's link to health problems as the companies fight a potentially crippling court case.

That leaves industry leader Philip Morris and R.J. Reynolds on the other side of an issue that once united a monolithic industry.

The splintered positions were offered in opening statements by tobacco attorneys trying to avoid a multibillion-dollar award to 300,000 to 500,000 sick Florida smokers.

The jury already has ruled against the industry twice, saying the companies conspired to produce a deadly product and awarding \$12.7 million in compensatory damages to three representative smokers with cancer. Testimony from public health officials was to begin today.

Cigarette makers want the jury to award no punitive damages, arguing that \$254 billion from settlements with the states is enough money to pay for decades of misconduct. The lawsuit seeks \$100 billion in damages, though the smokers' attorney has not specified an amount.

"We agree with the public health authorities and the surgeon general that smoking causes disease," Lorillard

attorney Ken Reilly told the jury. "I don't know how more flatly that can be stated."

Brown & Williamson attorney Gordon Smith followed by saying chief executive Nicholas Brookes "will tell you it is and has been Brown & Williamson's position that smoking causes cancer. There is no confusion about that whatsoever." Such blanket acknowledgments do not amount to acceptance of blame, however. If tobacco executives concede smoking causes disease, they generally say it can't be proven in any given smoker because of individual risk factors.

The Reynolds position in the punitive phase was uncertain. Attorney Jim Johnson focused on company finances and did not address the issue of smoking and disease in his initial remarks.

In a deposition May 10, Philip Morris CEO Michael Szymanczyk said the company has not adopted the position of public health officials that smoking causes cancer and is addictive, though it displays those messages on its Web site.

In 1997, Liggett owner Bennett LeBow became the first tobacco executive to say smoking causes disease and is addictive.

"Liggett's conduct has served as a model for how a tobacco company should conduct itself in today's world," said Liggett attorney Aaron Marks, predicting the company's cigarette business will die in 20 years.

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