



THE ROTARY CLUB OF NEW YORK

CREATE AWARENESS - TAKE ACTION

February 6, 2001 – 12:15 p.m. The Rotary Club of New York, 28 West 44th St., NY, NY 10036

Luncheons: The Princeton Club 15 W. 43rd Street, New York, NY 10036

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PAUL KLEBNIKOV

Author of the Godfather of Kremlim:
Boris Berezovksy and the looting of Russia

Paul Klebnikov is a senior editor at *Forbes* magazine. Klebnikov first traveled to Russia in 1984 as a tourist. Since then he has returned several times each year. Since starting at *Forbes* as a reporter in 1989, his primary job has been covering Russian economic reform and the rise of the country's new business elite. Though based in New York, he has spent an average of two or three months a year in Russia. He has conducted hundreds of interviews with top Russian government and business figures, as well as key Western individuals working with Russia. Klebnikov has interviewed almost all of Russia's "oligarchs" (the dozen wealthiest businessmen); in most cases, he met these individuals at the beginning of their business careers. He also had a chance to see how U.S. policymakers approached Russia. In 1989, he interviewed Alan Greenspan after the Federal Reserve chairman traveled to Moscow to advise the Soviet Government on monetary reform. In 1990, Klebnikov was one of two journalists allowed to accompany U.S. Commerce Secretary Robert Mosbacher and American corporate leaders on their historic tour of Russia.

Klebnikov's coverage of Russia has received numerous awards, including three citations from the Overseas Press Club (for a 1995 article on the Russian Far East entitled "Russia on the Pacific," for a 1996 article on Boris Berezovsky entitled "Godfather of the Kremlin?" and for a 1998 article on the Russian presidential elections entitled "Who will rule Russia?") and second place for the 1997 International Wheel Award of the Detroit Press Foundation (for an article on the Russian automobile industry entitled "Would

you want to drive a Lada?"). Klebnikov's proposals for Russian economic reform appeared as editorials in *The Wall Street Journal* in 1990 and *Izvestia* in 1993.

At *Forbes*, Klebnikov has also covered a broad array of topics outside Russia. The general theme of his work has been the question of what makes one company succeed in the marketplace and another fail. Among his corporate profiles have been Samsung (Korea), Renault (France), Volkswagen (Germany), Daimler-Benz (Germany), Asea Brown Boveri (Switzerland), Marc Rich (Switzerland), Xerox (U.S.), GTE (U.S.), Olivetti (Italy), Bull Computer (France), Amway (U.S.), Montgomery Ward (U.S.), Toys R Us (U.S.) and Alcoa (U.S.). Klebnikov has also covered a wide variety of social and political issues, including Black conservatism in the U.S., the problems of the Swedish welfare state, the French school system, the culture of tax evasion in Italy, nuclear nonproliferation, and the rise of xenophobia in Europe.

Although he was born and raised in New York City, Paul Klebnikov is a native Russian speaker. (He also speaks French, Italian, and some German.) Klebnikov attended the Phillips Exeter Academy (1977-81) and the University of Berkeley, California (1981-84), where he received a bachelor's degree in political science. In 1985, he earned a master's degree in government at the London School of Economics (thesis: Communist Party Membership in the Soviet Union, 1918-85). In 1991, he was awarded a Ph.D. by the London School of Economics (thesis: Rural Development in Russia, 1906-17). In 1986, he was awarded the Leonard Shapiro Prize (excellence in Russian studies).

MEMBERS' COLUMN

JANUARY 23, 2001 BOARD RESOLUTION

Mr. Barnet presented a letter written to President Hadjolian and the Board requesting the support of the application for accreditation of the Rotaract Club at the UN for its own right as an entity with a separate ID IRS number and security passes. **Motion made by James Bryan, seconded by Ed Gray. Approved unanimously.**

OVER DUE COUPON PAYMENTS



WE HAVE NOW RECEIVED MOST OF THE ADVANCE LUNCHEON COUPON PAYMENTS FOR THE SECOND HALF OF THIS FISCAL YEAR 2000-01, NEVERTHELESS THERE ARE STILL SEVERAL PAYMENTS OUTSTANDING. IF YOU HAVE NOT YET SUBMITTED YOUR PAYMENT, PLEASE DO SO IMMEDIATELY. THANK YOU FOR YOUR QUICK FOLLOW-UP.

FUTURE OF OUR WEB SITE

ATTENDEES: President-elect Helen Reisler, chair of the Public Relations Committee; Ted Andrews, co-chair of the Public Relations Committee; Hugh Hamilton, chair of the Web site Committee; Mats Ingemanson, RCNY Internet officer; Vadim Ternovsky, N.Y. Rotaract; Mort Eydenberg, Trustee; Larry Parks, Chair of the Programs Committee; PP Joseph Sullivan, Andreas Runggatscher, and Ana Rivas.

The meeting was held after the regular luncheon on January 30, to discuss the future of the RCNY Web-site. Many ideas were brought to the table including better accessibility, design, features, and content. It was the general opinion that the Web site should become increasingly a main source of information and communication.

To ensure that these features will be available to everyone, it was suggested to organize workshops to communicate the necessary skills. We will soon have a more attractive Web site. Any suggestions you might have are greatly appreciated.

REQUEST FOR LEGAL REFERENCE

Being a Rotarian from the Rotary Club of Zwolle, Netherlands, my fellow members asked me to explain the significance of the latest decision of the U.S. Supreme Court on Gore vs. Harris/G.W. Bush. The legal documents are available on the Internet. I am now looking for some learned comments in the professional journals. I hope that among your club's members there might be someone who has a special interest in this matter, and is willing to provide me with a few titles and sources.

Rotarian - Jaap Symons E-mail: thales.by@woimail.ni

MARK YOUR CALENDAR

Feb. 6th Paul Klebnikov
Feb. 13th Benno Schmidt- Education Day
Feb. 20th BOARD MEETING - The Princeton Club - 10:30 a.m.
Feb. 20th Greg Rhenke - Foundation for Economic Education
Feb. 27th Hon. Dimitris Platis - GREECE DAY
Mar. 6th FOUNDATION DAY
Mar. 13th IRELAND DAY
Mar. 20th Richard King, President-elect - Rotary International

VOCATIONAL BRIEFS

It is the responsibility of each Rotarian to update the membership with the newest developments in their respective classifications.

Rotarians interested in doing their vocational briefs should call Frances Vieta, so it can be arranged. Your speech should not be longer than 3 minutes and should be about your business or profession. A summary of your speech should be typed and sent to the Rotary office, so it can be included in our weekly bulletin.



GIFT OF LIFE

Bilegjargal Erdenbat - is doing well after surgery almost three weeks ago and has just been cleared to go home in about a week. That is the great news. But there is one big problem: Bilegjargal and his mother Saran do not have a plane ticket home. It is a long story, but apparently the Rotary Club in Mongolia was not involved in getting this boy to the U.S., and the mother was told if she did not get here soon, her child would not be eligible for the Gift of Life. As a dedicated mother, Saran borrowed \$1,500 (that's about 4 1/2 years pay for her husband) to get them here. But that was only for a one-way ticket. I will get them return tickets but that does not come out of our Gift of Life funds. **My appeal to you is to do one of several things: (1) if you know someone at Korean Airlines, let me know - that's the airline that flies direct to Seoul, Korea, with connecting flight to Mongolia. Perhaps we can get a free ticket for the child (or for both mother and child, but I do not want to appear greedy!), or, if we get a discounted airfare or something to defray the cost, it would be wonderful. (2) If you wish to contribute toward the cost of the airfare, let me know and I will work out the logistics of where to send the money. (3) If you have frequent flyer mileage, that would also help, if you wish to donate that.**

Tarique Stevens - this almost six-month-old is having a blood workup with catheterization on Thursday, February 1. Surgery should be by the end of the week.

Tatiana Porushnik - Tatiana (16 years old) has been here many months and will be here for at least the next month undergoing tests before doctors decide on the best course of action.

I hope you can visit with any or all of these wonderful kids, it really is your Rotary in Action. All are staying at Ronald McDonald House (639-0100) on East 73rd Street. Also, please let me know if you can help get our young Mongolian child back to his homeland.
Yours in Rotary, Bill Currie



COAT AND SWEATER DRIVE

THERE WILL BE A COAT AND SWEATER DRIVE DURING THE NEXT REGULAR LUNCHEON FOR THE BENEFIT OF THE CHILDREN IN MONGOLIA.

AS YOU KNOW, THE WINTERS IN MONGOLIA HAVE BECOME ROUGHER AND COLDER OVER THE

LAST YEARS, AND ANY HELP WE AS ROTARIANS CAN GIVE TO KEEP THESE CHILDREN WARM IS GREATLY APPRECIATED.

PLEASE SHOW YOUR SUPPORT OF THIS CAUSE BY ATTENDING THE COCKTAIL RECEPTION ON **FEBRUARY 13, 2001 AT THE PERMANENT MISSION OF MONGOLIA TO THE UNITED NATIONS AT 6 EAST 77TH STREET 5:30 TO 8:30 P.M.**

REPORTER OF THE WEEK

(Tuesday, January 30, 2001)

President Serge opened the meeting by introducing Bernie Wytko who led the singing of the Star Spangled Banner, followed by Craig Penn's invocation. A vocational brief was presented by Hank Hanau (summarized in this bulletin) about current activities in the financial planning field. Then Jim Bryan clarified his discussion of last week about our candidate for district governor and the nomination and election procedure being questioned. The Club voted once again to confirm our nomination. An announcement about the Community Health Committee was also made and all were invited to its next meeting. Ann Creo introduced the visiting Rotarians, four from the United States.

Chair of the Programs Committee, Larry Parks, introduced the speaker, NYC Commissioner for the Department of Aging, Herbert Stupp. Commissioner Stupp described the scope and size of the Department by sharing the fact that the Department, with a \$220 million budget, provides services to many of the 1.3 million elderly in New York City.

He believes the Department serves, through its many programs, as a strong advocate for the elderly, both those who are "frail" and those who are "robust." He went on to explain his definitions: the "frail" constitute many who are homeless, hungry, poor, and in need of care. The Department serves their needs through its home care program, meals on wheels, and adult day care centers. The "robust" are provided with a host of community-based activities that include employment retraining, social, and foster-grandparent programs. He also shared with the group a new brochure encouraging seniors to return or move to New York where they can live independent lives, be employed and avail themselves of the many senior program services available. He praised our Rotary Club for its many activities and offered a resource person to work with the Community Health Committee if we wished.

Reporter of the week – Rosemary Clemens



VOCATIONAL BRIEF

HANK HANAU:

President – HFH Planning Inc.

The following, with the exception of the last paragraph, is quoted directly from "Investments: An Introduction" Sixth Edition, by Herbert B. Mayo

SELECTING A MONEY MANAGER OR FINANCIAL PLANNER

Since the management of assets requires specialized knowledge and can be time consuming, some people prefer to use the service of a money manager or financial planner. Financial planning is an emerging profession, so the terms money manager or financial planner can be both broad and vague. Many individuals may offer financial counsel. The accountant who completes the investor's income tax forms may be a natural source for financial advice. The same applies to insurance salespeople, bankers and stockbrokers. Any of these individuals can (and often do) offer financial advice as part of the usual services they provide.

With individuals in a specific area of finance, one must question whether their advice is self-serving. An insurance salesperson or stockbroker may recommend purchasing specific investments. While these investments can be valuable as part of the individual's portfolio, their purchase may not necessarily be in the best interest of the investor.

To avoid this problem, the individual may seek the services of a fee-only financial planner, who develops financial plans for clients. (Unlike bankers, brokers, or insurance salespeople who may be compensated for constructing the financial plan.) The individual may then execute the plan, or the individual may have the fee-only financial planner execute the plan. Financial planners who administer plans often use low or no-load funds for the acquisition of financial assets. Even after considering the cost of a financial plan, the use of no-load mutual funds may generate a net savings for the individual investor. That is, the combined cost of the financial plan plus the no-load mutual fund shares may cost less than shares in individual stocks or shares in a mutual fund with a loading fee.

ASSET ALLOCATION

An important aspect of financial planning is asset allocation. Asset allocation took on an entirely new dimension with the publication in 1986 of an article by Brinson, Hood and Beebower and was later confirmed in a subsequent publication. Essentially, the authors wanted to decompose the return earned by a portfolio manager into three components: (1) investment policy, (2) market timing, and (3) security selection.

FEES AND EXPENSES

These may include the loading charge, which is the sales fee, paid to the broker or financial advisor for executing the transaction. (Other expenses include management fees, 12b-1 fees, and transaction costs incurred by the fund.) Whether the load charge is worth the cost is, of course, open to considerable debate, but there is little evidence that load funds earn a higher return than no-load funds. The load must be justified on the basis of service received. The investor must find a broker or financial advisor whose advice and help are worth the cost.

The investor may particularly want to analyze 12b-1 fees, which are marketing expenses and are assessed each year by many no-load funds. For those interested in low cost ways of investing in indexes, "ishares" are a relatively new vehicle. These "index trusts" permit one to buy the Dow Jones Industrial Average and U.S. Total Market Index, large, mid and small cap indexes. The latter can be bought as a whole or just the value or the growth segments. These indexes are traded, similar to any stock, on the American Exchange.