THE WALL STREET JOURNAL.
WSJ.com

MARKETS | MAY 7, 2010

Winners, Losers Wonder About Final Score

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Investors from day traders to professional money managers who made money during Thursday's market gyrations wondered whether their trades would be canceled while those who lost money cried foul.

Steven Caruso, who represents investors in claims against Wall Street brokerages, said he got a call Friday from a couple who had sold stock via an order to do so at the market price during Thursday's decline. The husband and wife received $100,000 less than they expected.

"The message was, 'We got killed. Can you help?' " Mr. Caruso said. "The woman said her husband sold some securities and got taken out of the position at a very low price before things came back," he said.

Alan B. Lancz, an investment adviser in Toledo, Ohio, said traders at his firm thought they had bought stocks at deeply discounted prices at the market bottom, only to learn many of the trades may get canceled.

"It's an incredible situation. We have no idea how it's going to turn out," Mr. Lancz said. "It's a little disheartening."

Whether buying or selling, investors still were dazed Friday trying to understand the dynamics, and velocity, of the stock market's largest intraday point drop in history. Volatility persisted Friday as the Dow Jones Industrial average fell 139.89 points after seesawing throughout the day.

Among Thursday's biggest losers were people who had previously placed standing orders to sell if the shares fell below a certain price, also known as a stop-loss order.

Robin Raina, chief executive of Atlanta insurance-software maker Ebix Inc., spent part of Friday consoling investors who lost money because of their stop-loss orders when the company's stock price slid to 75 cents a share from about $16. When Ebix's stock price recovered later in the day, those investors were left on the sidelines.

"It's a tragedy. All I could do was to sympathize with them," said Mr. Raina.

Under procedures announced by major U.S. stock exchanges, Thursday's trades will be canceled if they occurred between 2:40 p.m. and 3 p.m. at prices 60% above or below the level that prevailed at 2:40 p.m., before the steep downturn took hold.

Hedge-fund investors spent Friday trying to assess losses and understand how fund managers had shifted holdings following Thursday's wild ride. Two investors, who have clients' money distributed among dozens of hedge funds, said they expected the worst one-day loss Thursday of any manager in their portfolios to be less than 5%. That figure came as a relief, they said. Prime brokerage executives said some smaller funds experienced one-day losses of 10% to 20%, but as one prime-services manager said, those losses were exceptional.

Individual investors swamped their brokerage firms. A spokesman for Charles Schwab Corp., the online-discount brokerage, reported "an unprecedented volume" of both calls and trading activity Thursday, with investors peppering the firm with more questions on Friday about the market plunge.

Todd Sims of Huntsville, Ala., had trouble logging onto his account at Fidelity Investments shortly after 2:40 p.m. Thursday. The 41-year-old engineer said he was considering making some trades to snap up some values, but later changed his mind because of the market volatility and the fact that "the real deep discounts had vanished."

A Fidelity spokesman attributed the "intermittent slowness" to near-record trading volumes, and noted that a small percentage of trades at the height of the volatility were subject to some delays. The firm said it is reviewing any delayed trades to ensure that investors receive the correct prices.

As the market reopened Friday morning on one Wall Street trading desk, "there was some relief that no crazy stories" had emerged about major hedge fund or trading-desk blowups on Thursday, said Ciaran O'Kelly, head of U.S. stocks at Nomura Holdings Inc. in lower Manhattan. Some traders said dealers were lightening positions while investors were buying.

But after a relatively calm opening, the buzz picked up.

"Here we go," said one trader as the market started to slip at about 10:15 a.m. "All this means volatility on the down side."

—Aaron Lucchetti contributed to this article.

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