

6C

BUSINESS

Keep an eye on the dividends

By Ellen Simon
THE ASSOCIATED PRESS

NEW YORK — Blue chip stocks with a high dividend used to be called, dismissively, widow and orphan stocks. But grandma was right: It pays to pay attention to dividends.

If you invested \$10,000 in Standard & Poor's 500 stocks that paid a dividend in 1979 and another \$10,000 in stocks that didn't, your dividend paying stocks would have grown to \$379,030 by 2005. The group that didn't pay a dividend would have grown, too, but much less, hitting \$230,027 by 2005.

Slicing and dicing short-term timeframes can make dividend payers look worse, but over the long run, they do better than their non-dividend paying peers and right now, they're shining.

Stocks with the very best dividend yields are the only group with double-digit year-to-date returns, up 10.2 percent for the year, according to Merrill Lynch & Co. More broadly, dividend paying stocks in the Standard & Poor's 500 gained 4.29 percent for the first seven months of the year, while non-payers lost 3.26 percent, according to S&P.

Dividends have contributed 37 percent of the Standard & Poor's 500 total returns for the year to date, wrote JP Morgan Chase & Co. U.S. equities strategist Abhijit Chakraborti in an Aug. 3 note. In some industries, dividends helped even more, contributing 57.3 percent of returns to healthcare stocks, for instance.

What is it about dividends? Dividends used to be one of investors' main reasons for owning stocks. As the godfathers of value investing, Benjamin Graham and David Dodd, wrote in 1934, "A successful company is one which will pay dividends regularly and presumably increase the rate as time goes on."

Said Howard Silverblatt, senior index analyst at S&P, "The dividend, to some degrees, acts as an anchor. You don't make as much in the good years, but you don't lose as much in the bad years."

Take 2002, a bad year for stocks. Dividend paying stocks in the S&P 500 fell 10.9 percent, while non-payers dropped 30.3 percent. But in 2003, a good year for stocks, dividend payers rose 33.5 percent while non-payers rose 61.7 percent, according to S&P.

(Remember that some stocks, such as Lucent Technologies Inc., fell so sharply that a double-digit percentage increase could amount to less than \$1 a share.)

Investors in recent decades have shifted their focus away from dividends and toward the possibility that their stocks' prices could go higher. The fixation on prices means they can only make money on a stock if they sell it — the exact opposite of the widow and orphan mentality, which was to hold on to a stock while it threw off cash.

The corporate mentality has shifted, too. The number of stocks that pay dividends and the total amount of dividends paid has decreased.

Once cash-laden financial, transportation and utility companies are taken out of the S&P 500, there are 375 companies left. Those companies are sitting on \$633 billion in cash.

BEAUTY-FULL BUILDINGS



PHOTO/CALVIN FERGUSON

Anthony Williams, executive vice president of SNH Development, stands in front of SNH Salon Suites.

Developer has hair-raising idea for success

By Erica Singleton
FOR THE CHARLOTTE POST

"Smarter, not harder," is Anthony Williams motto, and what the letters stand for in SNH Development Inc. Williams, the company's executive vice president and his partners have been trying to build opportunities in Charlotte through an industry that always has customers.

"People are always getting their hair done," said Williams. "They are always trying to look nice."

Williams is not a barber, or a beautician. The former Norfolk State University football player has a degree in architecture and 16 years experience in education. He's taken what he knows to create opportunities for others; 5,000 square feet of opportunity to be exact.

In Phase Two of the Grande Promenade shopping center, in the University area, crews are completing construction on Williams' idea, SNH Salon Suites. The complex, located beside Jos. A. Bank will have 25 suites in it for stylists, estheticians, barbers, manicurists, and cosmetologists.

"The second floor will house a barbershop," explained Williams, who designed the building. "Instead of vending in a booth, we give them the keys to their own suite that they own. We cover the main utilities and insurance...but this gives them an opportunity to be their own boss and open their own business."

Williams never had a passion to be in the industry. Though his interest was to be an architect, Williams started working in education, first in administration and then student affairs.

"I realized if I wanted to take the job further, to become a decision maker, I would need better credentials," Williams said.

He earned a master's degree in public relations and a PhD in organizational assessment. Following that, he began work as a consultant in Higher Education, evaluating colleges and universities for grant worthiness. "It was strange," said Williams. "I achieved some level of success, but that was never anything I really wanted to do. I was able to travel, but the work wasn't fulfilling me."

However, the work gave him an opportunity to look at business ventures, and he hasn't looked back.

Williams and a longtime friend in Durham discussed all their business ideas, and decided to do something. They had good credit, and some funds, but not the half a million dollars the venture would take. Tonshay Boggs, a stylist, became the third member to the core group, and a partner in what is now SNH.

"It's not just me," said Williams. "I may be the face and voice of the vision, but my partners are instrumental. And we have investors who believe in our dream."

Williams' dream does not stop with SNH Salon Suites. He has another venture, SNH Hair Studio off Sharon Amity.

"We were talking to stylists and barbers whose clientele wanted a nice facility in a less visible atmosphere," said Williams. Their clientele he explained were celebrities and professional ath-

letes, who were tired of having to go to salons in malls. "We spent close to \$84,000 renovating the place. It's the type of environment people haven't seen in quite some time, and it's the quality they wanted." The salon is featured in a wedding program scheduled to air in September about Carolina Panthers running back Eric Shelton and his wife, Shamea.

The partnership also has plans for SNH Barbershop and SNH Spa, in addition to the big plan. "I want to be able to walk into a bank and get a loan to do high rises," said Williams. "I'd like to get 48 acres in Fort Mill to develop into a community homes with open floor plans, shopping mall plaza, nightlife spots with restaurants, bars and entertainment venues. Let's build a Grande Promenade."

Williams wants to take his ideas to other areas that can support such development, like Raleigh, Virginia Beach, or Atlanta. But it all starts here. "Charlotte is a great place," said Williams. "Large enough to receive the benefits of a metropolis, but small enough that business opportunities are still available."

Opportunities like SNH Suites, which is 70 percent complete and already 60 percent full. He knows there are people who want to work for themselves, but are afraid. "It's hard getting us to accept...if you don't try you'll never know," said Williams. "I'm looking for motivated people who see the big picture."

For more information SNH Suites call (704) 515-5500

U.S. churches and congregants are losing billions of dollars to fraud

By Rachel Zoll
THE ASSOCIATED PRESS

NEW YORK — Randall W. Harding sang in the choir at Crossroads Christian Church in Corona, California, and donated part of his conspicuous wealth to its ministries.

In his business dealings, he underscored his faith by naming his investment firm JTL, or "Just the Lord." Pastors and churchgoers alike entrusted their money to him. By the time Harding was unmasked as a fraud, he and his partners had stolen more than \$50 million from their clients, and Crossroads became yet another cautionary tale in what investigators say is a worsening problem plaguing America's churches.

Billions of dollars has been stolen in religion-related fraud in recent years, according to the North American Securities Administrators' Association, a group of state officials who work to protect investors.

Between 1984 and 1989, about \$450 million was stolen in religion-related scams, the association says. In its latest count - from 1998 to 2001 - the toll had risen to \$2 billion. Rip-offs have only become more common since.

"The size and the scope of the fraud is getting larger," said Patricia Struck, president of the securities association and administrator of the Wisconsin Department of Financial Institutions, Division of Securities. "The scammers are getting smarter and the investors don't ask enough questions because of the feeling that they can be safe in

church."

Cases in recent years show just how vulnerable religious communities are.

Lambert Vander Tuig, a member of Saddleback Church in Lake Forest, California, ran a real estate scam that bilked investors out of \$50 million, the Securities and Exchange Commission says. His salesmen presented themselves as faithful Christians and distributed copies of "The Purpose Driven Life," by Saddleback pastor Rick Warren, according to the SEC. Warren and his church had no knowledge of Vander Tuig's activities, says the SEC.

At Daystar Assembly of God Church in Prattville, Alabama, a congregant persuaded church leaders and others to invest about \$3 million in real estate a few years ago, promising some profits would go toward building a megachurch. The Daystar Assembly was swindled and lost its building.

And in a dramatically broader scam, leaders of Greater Ministries International, based in Tampa, Florida, defrauded thousands of people of half a billion dollars by promising to double money on investments that ministry officials said were blessed by God. Several of the con men were sentenced in 2001 to more than a decade each in prison.

"Many of these frauds are, on their face, very credible and legitimate appearing," said Randall Lee, director of the Pacific regional office of the SEC.

Wall Street's on inflation watch

By Michael J. Martinez
THE ASSOCIATED PRESS

NEW YORK — Investors got their long-awaited pause in interest rate hikes from the Federal Reserve last week. But perhaps they should've looked up the definition of the word "pause" before wishing so hard.

In reality, they were looking for a stop. The Fed, while indeed holding off on a rate hike for the first time in 18 meetings, didn't give Wall Street the sense of finality it was looking for. There are still inflationary pressures in the market, according to the Fed. If they increase, then the pause could last just five weeks, until September's Fed meeting.

While it's now more likely that the Fed will hold off, never underestimate Fed Chairman Ben Bernanke's fervor in trying to quash inflation. He's new to the job, and wants to gain the kind of confidence his predecessor, Alan Greenspan, inspired in the marketplace.

So instead of celebrating the pause, Wall Street ultimately shrugged and, facing the same uncertainties that have plagued the markets since mid-May, bid stocks modestly lower.

And now, investors are back on inflation watch, parsing each day's economic data in an attempt, vain as it likely will be, to predict the Fed's next move. Unfortunately, that's likely to mean more up-and-down trading and a market trapped in the same trading range it's been in all summer.