



# REPORT ON BUSINESS

CANADA'S BUSINESS NEWSPAPER ■ FOUNDED 1962 ■ GLOBEANDMAIL.COM ■ WEDNESDAY, SEPTEMBER 12, 2001

## FINANCIAL TURMOIL

# Terrorist attacks paralyze markets

## Central banks quickly move into action

BY JOHN PARTRIDGE  
AND CAROLINE ALPHONSO

Central banks moved swiftly yesterday to try to avert the danger of financial gridlock as the biggest financial intersection in the world seized up following the destruction of New York's World Trade Center by hijacked aircraft.

The Bank of Canada, the U.S. Federal Reserve Bank, the European Central Bank, the Bank of Japan and other monetary authorities all pledged to provide sufficient funds to keep payments systems flowing and markets operating.

In a statement issued more than seven hours after the cataclysmic events in the United States, the Bank of Canada said it "will provide the liquidity necessary to support the stability of the Canadian financial system and the continued functioning of financial markets."

Canada's bank regulator, the Office of the Superintendent of Financial Institutions, said it is closely watching developments. "We are in contact with federally regulated financial institutions and are generally monitoring the situation," an official said.

Stock markets abroad reeled after terrorist attacks in which planes crashed into both towers of the WTC, as well as into the Pentagon in Washington.

Neither the New York Stock Exchange nor the Nasdaq Stock Market opened yesterday, and the

NYSE said U.S. financial markets would remain closed today. Closer to home, the Toronto Stock Exchange shut down at 10:40 a.m., 10 minutes after the CDNIX. TSE officials said they would meet today at 6:30 a.m. to decide whether to reopen the market.

Wire service reports out of London predicted that the Dow Jones industrial average could be set for a drop of 400 points — 4.2 per cent — after trading in U.S. equities reopens, citing prices quoted late yesterday on the Web site of British spread-betting firm IG Index PLC.

Japanese financial regulators were reported to be setting up crisis management headquarters to cope with potential disruptions, while Reuters, quoting an unnamed U.S. government official, reported that key U.S. regulators were talking with each other in an effort to assess the damage done by the attack on the WTC. "The interagency working group, consisting of the Treasury, the [Federal Reserve Board], the [Securities and Exchange Commission] and the [Commodity Futures Trading Commission], has been in constant communication today to assess the situation," the official said.

The Swiss-based Bank for International Settlements, the umbrella regulator for the world's banks, declined to comment on the effect to money flow around the world.

See MONEY on page B2



People run from the collapse of the World Trade Center in New York's financial district yesterday. The towers were struck by passenger planes as part of a terrorist attack. SUZANNE PLUNKETT/AP

### NYSE:

C 3580

### TSE 300:

7 348.50 DOWN  
285.90

### FTSE 100:

4 748.00 DOWN  
257.70

### DAX, Frankfurt:

4 273.53 DOWN  
386.40

### CAC-40, Paris:

4 269.75 DOWN  
323.49

### Bolsa, Mexico:

8 830.70 DOWN  
325.17

### Bovespa, Brazil:

10 827.96 DOWN  
1 784.43

### Euro:

\$1.0861 DOWN 0.0007  
U.S.

### Yen:

119.24 DOWN 0.77

### U.S. 30 yr

treasury:  
5.28 DOWN 0.02

### Cdn dollar:

63.50 DOWN 0.02  
U.S.

## CANADA

# Business halts as eerie quiet reigns

BY GORDON PITTS  
AND SHOWWEI CHU, TORONTO

A wide spectrum of Canadian business ground to a halt yesterday, as people turned their minds to the fate of their counterparts — and in some cases, friends — who worked in Manhattan offices.

With flights cancelled, stock markets suspended and communications difficult, many employers in downtown areas sent their people home early, and some landlords closed access to buildings as a precautionary measure.

Investment conferences and an-

nual meetings were cancelled and quarterly earnings releases deferred, both out of respect and a sense that such activities seemed absurdly trivial at the moment.

"I'm sure I will have lost some friends as maybe all of us in the room will be touched, because it's going to be bad," Bank of Nova Scotia chairman Peter Godsoe told a Toronto conference before he abruptly left to monitor the status of the bank's 300 staff in Manhattan.

"There will be just massive disruption to everything business and financial," said Brent Holliday, a

partner with Vancouver-based venture capital firm Greenstone Venture Partners.

Mr. Holliday had what was a typical day for many business people. He had planned to drive to Seattle from Vancouver yesterday for a board meeting, but it was cancelled. So was another meeting scheduled later in the week.

Airport closures scuttled a partner's plans to catch an afternoon flight to San Diego for a conference. Instead, the partner spent yesterday morning trying desperately to reach friends who live in New York.

By noon yesterday, as offices

were closing en masse, a sea of grim-faced pedestrians was moving along Toronto's Bay Street away from the financial district, and cars were choking the intersections.

At every available television screen, crowds gathered to watch the unfolding devastation.

See HALT on page B14

• **Note to readers: Our financial listings are incomplete because North American exchanges did not open yesterday or closed early. Reporting from other foreign markets was also disrupted.**

## TENANTS

# Thomson scours city for staff in twin towers

BY KEITH DAMSELL, MEDIA REPORTER

Thomson Corp. was searching late yesterday for about 200 employees who work at company offices in New York's World Trade Center.

"We are doing everything possible at the moment to find out what happened, to whom and how we can help," said Dick Harrington, president and chief executive officer of the Toronto-based information services company, in a statement to employees.

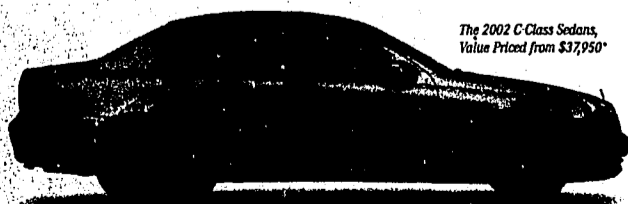
"Amid the confusion, it is unclear how many were actually in the

buildings at the time of the attack. At this time, I ask that you keep your colleagues and their families in your thoughts and prayers."

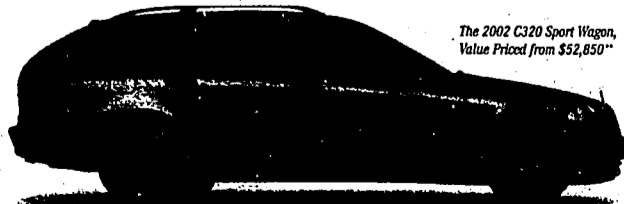
Three Thomson Financial businesses have office space in the twin towers: I/B/E/S, Baseline and Vestek. They each offer financial information services to professionals and were part of Primark Corp., which was acquired by Thomson for \$842-million (U.S.) last year.

See THOMSON on page B2

• **Morgan Stanley offices vapourized. B3**



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**'Companies used to talk about the political risk of being in [politically unstable] countries, but now we have that right here at home.'** *Richard Linowes, professor of international strategy and entrepreneurship, American University in Washington*

# Workers watching TV gasp in horror

HALT from page B1

Two dozen people, squeezed into the store-front office of brokerage Charles Schwab Canada in Toronto's Exchange Tower, gasped in horror as the second World Trade Center tower collapsed in a re-broadcast.

Not far away, Dave Taylor and Hasan Khan stood staring at an outdoor jumbo TV, watching live pictures of a burning World Trade Center and Pentagon building.

The two employees of BMO Nesbitt Burns Inc. had left their office in First Canadian Place after a senior executive had sent a mid-morning e-mail message saying, "With what's happened, feel free to leave for the day."

"It's safe to say most people weren't doing their normal day-to-day duties," said Mr. Taylor.

In Calgary, a few major office buildings closed to the public and some big oil companies cancelled their work days. At Mobil Oil Canada Ltd., all calls were being redirected to an operator who said the company had shut operations for the day.

Many firms tightened security and gave employees the option of leaving. "We are operating under a higher level of vigilance," said Glenn Herchak, a spokesman for TransCanada Pipeline Ltd., Canada's largest pipeline operator. Mr. Herchak said the company had increased security as a precaution.

Suncor Inc. chief executive officer Rick George said his company had also tightened security in the event that the widespread terrorist attack could spread to oil refineries.

At Enbridge Inc., spokesman Jim Rennie said employees along its pipeline route have been put on the alert, and security tightened at pump stations. Similarly, giant power utility Hydro-Québec stepped up security at its sites.

The events put a sudden halt to

all kinds of conferences, meetings and legal proceedings. Louis Audet, president of Cogeco Cable Inc., of Montreal, was speaking at a Toronto investment conference on media and telecommunications when the news of the tragedy spread across the room.

Mr. Audet said he realized that many in his audience would have known other financial services professionals in the Wall Street area.

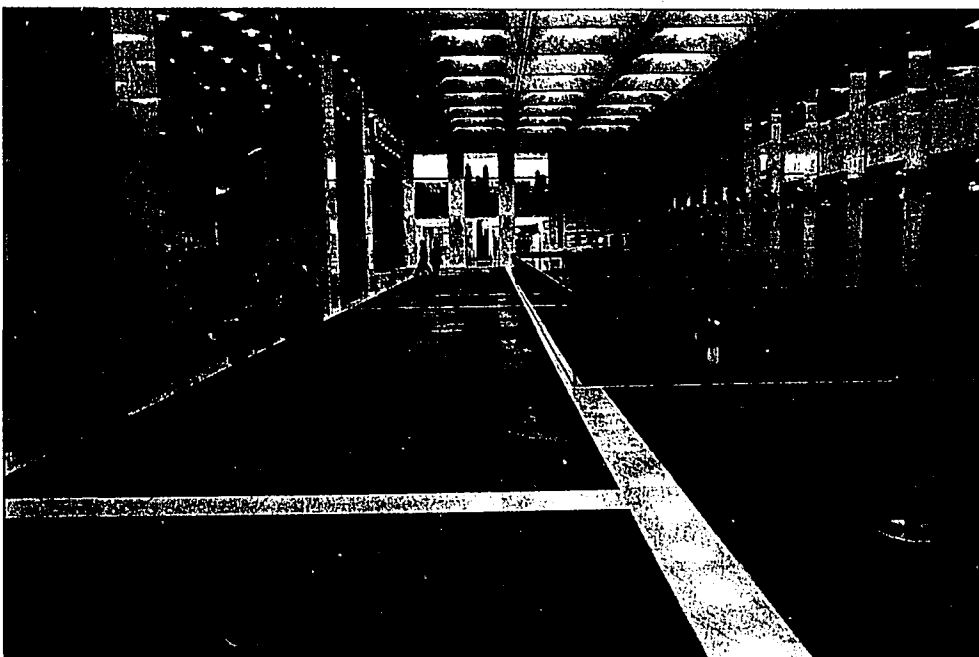
At another conference, Mr. Godsoe was interrupted during his speech and quickly left the room. An official explained that the bank chairman had to "run to an emergency" and he adjourned the meeting.

"We're living in a day of complete and absolute tragedy and I don't think any of us will be untouched by it," Mr. Godsoe had told the forum before his departure. "I have children who live in New York and San Francisco. One obviously wonders what's going on."

"Our offices in New York are just a stone's throw away from the World Trade Center, which no longer exists," Mr. Godsoe told the audience. "For the Canadians and Americans in the room, we're part of it."

Thousands of Toronto employees voluntarily left their places of employment, including Toronto-Dominion Tower, Royal Trust Tower and BCE Place. Security guards said those buildings remained open, some on a restricted access only basis. Still, by noon the tenants — mainly law firms, banks and securities firms — had told their employees to go home for the day.

"No one's taking their chances," said Steve Hobbs, a Nesbitt Burns employee. A legal assistant, who was in the middle of a discovery examination, said she had been asked to leave the 47th floor of the CIBC Tower. "Since this is a business district they're not taking any



The lobby of First Canadian Place in Toronto was unusually quiet yesterday following news of terrorist attacks in New York and Washington.

GEOFF GEORGE/THE GLOBE AND MAIL

chances," her friend said.

Software company, Mortice Kern Systems Inc. of Waterloo, Ont. postponed its annual general meeting, which was to be held yesterday afternoon in Toronto. In Montreal, printing and media giant GTC Transcontinental Group Ltd. postponed the release of third-quarter financial results, as well as a conference call.

Vancouver-based Lions Gate Entertainment Corp. dropped plans for a party tonight at the Toronto International Film Festival, which has scaled back its schedule.

Lions Gate, a film and television production company, had scheduled its annual general meeting for

today in Toronto, and yesterday, a spokesman said he expected a scaled-down meeting would take place.

"We will be dealing with the legal basics, nothing else," spokesman Gordon Keep said.

Some events in Toronto's business life went ahead as planned yesterday. At the Ontario Securities Commission, a procedural hearing concerning the OSC's charges against theatre impresario Garth Drabinsky started on time at 10 a.m.

The deadline for bids to buy the Fairweather clothing chain was also postponed — to today at 4 p.m. from yesterday — because of the

disaster, the interim receiver of parent Dylex Ltd. said. Of about a dozen parties that have considered submitting offers, a number are American, sources close to the process said.

Among retailers, Starbucks Corp., the giant coffee chain, closed all of its 2,900 company-owned stores in the United States and Canada after the terrorist attacks. The stores are expected to re-open today.

"As far as we know, nobody has been reported hurt" at the stores, a spokeswoman said. "Our first concern is the well being of our partners."

Other retailers shut down stores

yesterday, particularly in potentially "sensitive" locations that could be terrorist targets, said Randy Scotland, a spokesman for the Retail Council of Canada.

A number of stores in central Ottawa, especially near the U.S. Embassy and Parliament Hill, closed as well as airport outlets, he said. Some shops in the Toronto Eaton Centre shut their doors.

Mr. Scotland did not expect stores remaining open would get much business as consumers were focused on television sets. "I think this has hit people in a really visceral way."

Across the country, the phones were eerily silent at brokerage firm Raymond James Ltd., said Michelle Rupp, senior vice-president of corporate communications for the Vancouver-based firm.

"I think people are glued to their television sets and just struggling to absorb this," she said. "And we are grateful [for the quiet] because it is giving us time to do a thorough analysis of what the fallout might be."

The tragedy caused havoc for transportation everywhere. Linda Morris, director of public affairs for the Vancouver Port Authority, said the port had stepped up security at operations, especially those involving cruise-ship passengers, most of them American, who stop in Vancouver on their way to and from Alaska.

Ms. Morris said public access had been restricted to the Port's two cruise-ship terminals, and that special arrangements were being made to accommodate travellers who are due to arrive in Vancouver today and on the weekend.

With files from Lily Nguyen and David Parkinson, Calgary; Wendy Stueck, Vancouver; Richard Blackwell and Marina Strauss, Toronto; Canadian Press and Bloomberg.

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David S. Brown, Partner of WeirFoulds LLP, is stepping down as Chair of Toronto Venture Group (TVG) after leading the premier venture capital networking organization through dramatic growth over the past two years.

Mr. Brown is a founding director of the 11-year old not-for-profit organization and has served as Secretary, Vice Chair and Chair of the Speaker's Committee.

Richard Zurawski, a partner of Fulcrum Partners, is succeeding Mr. Brown. As Chair, he will lead TVG

through its continued growth and in the development of new programs serving the entrepreneurial and investment communities. An accomplished financial professional, Mr. Zurawski has worked for more than seven years with owners, other venture capitalist and bankers to help high potential companies get off the ground.

John Berton is replacing Mr. Zurawski as the TVG Vice Chair and John Vukovic will continue to function as TVG Treasurer.

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