

AMERICA UNDER ATTACK: WHAT HAPPENED

Communications clog up as word spreads

BY PETER SHINKLE
Of the Post-Dispatch

Telephone communications bogged down Tuesday as people picked up phones to check on friends and relatives or to learn about the terrorist attacks on the United States. The congestion forced many to resort to e-mail or instant Internet messaging.

David Frear, the chief financial officer of Savvis Communications Corp. in Herndon, Va., said he couldn't make calls with either his regular or wireless telephone after a hijacked plane hit the Pentagon, across the Potomac River from Washington.

So, he and other Savvis officials used e-mail to communicate, he said. "E-mail was one of the sources of communication that proved most reliable throughout the crisis today," he said.

Even the Internet seemed slow, however, when users tried to access popular news sites. One site, MSNBC.com, told The Associated Press that it removed graphics from its site early in the day to speed access.

Savvis, which has key operations in Creve Coeur, provides Internet and other network services to businesses around the world. Frear said no problems existed on the company's networks throughout the day.

Yet concerns surfaced that terrorists might also attack the Internet, the telecommunications system or the other aspects of the nation's high-tech infrastructure.

Infragard, an FBI-backed national group aimed at preventing attacks on the Internet, urged information-technology professionals to increase vigilance and to shut down unnecessary services.

On its Web site, Infragard posted a warning of potential terrorist threats. "Infrastructure owners and operators should be at a heightened state of alert and should implement appropriate security measures, both physical and cyber," the warning said.

James Joyce, the secretary to Infragard's national executive committee, said information-technology professionals should look for "suspicious activity" or intrusions in their computer systems.

Unnecessary services should be shut down to curb weak points that might be exploited, said Joyce, a consultant with TechGuard Security in Chesterfield.

The apparent lack of problems with the Internet after the attacks surprised Brian Matthews, the chief executive of Primary Network, an Internet-service provider based in Maryland Heights. He expected the heavy use to cause outages.

"I'm not aware of any major outages anywhere on the network in the United States," he said. Many telephone calls into the



KAREN ELSHOUT/POST-DISPATCH

Matt Helms of St. Louis kneels down to make a call after learning that he wouldn't be leaving on a business trip from Lambert Field.

New York area were blocked because of twice the normal calling volume, but the telephone networks were operating, Verizon said. It serves the World Trade Center as well as the rest of New York and Washington.

Verizon employees were working to restore service in areas that suffered direct damage from the disasters. The company had a switch in the South Tower of the World Trade Center and had other equipment in the North Tower, both of which collapsed. But only one injury was reported among the company's 485 employees in the World Trade Center.

Reports of cell-phone outages occurred in New York, but wireless-phone companies moved in portable towers to restore service in many instances. Verizon said seven to 10 cell sites linked to the World Trade Center switching center went out of service, but the company was working to reroute the calls.

A spokesman for SBC Communications Inc. said the company was experiencing heavy calling volume but no disruption.

Jerri Stroud of the Post-Dispatch contributed to this report.

Firm here had 225 workers in World Trade Center tower

Bridge Information Systems also had 200 workers in nearby building

BY PETER SHINKLE
Of the Post-Dispatch

Bridge Information Systems Inc. scrambled Tuesday to contact its about 500 employees in New York, where terrorist attacks toppled the twin office towers of the World Trade Center.

Bridge, a distributor of financial data, had about 225 employees in offices on the 57th and 58th floors of the South Tower at the World Trade Center.

Most of the employees normally would have arrived at work between 7 a.m. and 9 a.m. St. Louis

time, said Jenni Neumann, executive vice president of data management at Bridge's campus in Creve Coeur.

At about 7:45 a.m. St. Louis time, a hijacked plane slammed into the North Tower; about 20 minutes later, another hijacked jetliner hit the South Tower. The towers collapsed soon after the second impact. From news accounts and Bridge employees, it appeared that the South Tower was hit above Bridge's offices, Neumann said.

By late morning, some employees who were in the Bridge offices at the time of the strike had left the building and had spoken with Bridge's human-resources staff in St. Louis, she said.

Tuesday afternoon, Neumann said it was too early for the company to comment on how many of its employees it can account for.

Besides the World Trade Cen-

ter offices, Bridge has about 200 employees in offices on the 27th and 28th floors of 3 World Financial Center, a building near the World Trade Center, said Peggy Hohl, Bridge's senior vice president of human resources.

Another Bridge office, in the State Street Plaza building farther away from the World Trade Center, has fewer than 100 employees, Hohl said.

Bridge was founded in St. Louis 27 years ago. An investment company based in New York City bought Bridge in 1995 and moved its headquarters to the city.

In February, Bridge filed for bankruptcy in St. Louis. In May, Reuters Group PLC, a British news and financial-data company, won Bankruptcy Court approval to acquire most of Bridge's assets for \$275 million.

Reuters spokeswoman Felicia

Cosby said it is unclear what impact the attacks might have on the transaction, which has yet to close.

A Reuters subsidiary, stock-trading company Instinet Group Inc., had offices in the North Tower of the World Trade Center. Cosby declined to comment on losses at Instinet.

Savvis Communications Corp., which provides Internet service to businesses and which is 48 percent owned by Bridge, also has offices in the 3 World Financial building.

Savvis' chief financial officer, David Frear, said the company had reached all but three employees who work in that office and found that none was injured. The company still was trying to reach the three other employees Tuesday afternoon.

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Some analysts worry that crisis will lead to recession

Major markets remain closed; Fed moves to restore confidence

BY JIM GALLAGHER
Of the Post-Dispatch

Major financial markets will remain closed today, after the terrorist attack Tuesday turned much of New York's financial district into chaos.

The attack failed to disrupt the nation's commercial-banking system or panic customers.

But some analysts worried that the psychological effect of the terrorism on consumers might be enough to tip the nation into recession.

The New York Stock Exchange, the Nasdaq Stock Market and the American Stock Exchange said they would announce today when they will reopen. The Bond Market Association recommended that bond trading remain halted while members assess the situation.

Today will mark the first time since the "bank holiday" of 1933 that the exchanges will be closed for two consecutive working days.

The NYSE's new trading floor at 30 Broad Street in lower Manhattan was being used to treat wounded people. Much of the World Trade Center, home to many brokerage companies, was smoking rubble.

Foreign stock markets tumbled, and the price of oil jumped 6 percent on fear that the terrorists trail might lead to the oil fields of the Middle East.

Meanwhile, in St. Louis, many investment professionals were worried about friends and relatives in New York. One foreign-exchange trader at Firststar Bank was worried about his sister, who works two blocks from the World Trade Center.

"I'd think she'd be out of

there," he said, but he hadn't heard from her by midafternoon. "She may be the only person in New York without a cell phone."

Also in St. Louis, the Bank of America said its downtown operations should be back to normal today. The bank on Tuesday evacuated its buildings at 800 Market Street and 100 Broadway.

The bank evacuated all its high-rise buildings across the nation as a precaution, spokeswoman Julie Westermann said.

Firststar considered evacuating its downtown St. Louis skyscraper but decided not to. The Federal Reserve Bank of St. Louis remained open, too, with heightened security.

Firststar is the largest bank in St. Louis, followed by Bank of America. Third-ranked Commerce Bank did not close offices.

Bank branches remained open across the region, though a mid-morning walk through Clayton found banks nearly devoid of customers.

Bankers said they saw no signs of panic among customers in St. Louis. Volume at the customer call centers of Firststar and Commerce was lower than normal, and no immediate indication existed that customers were making large withdrawals.

Bank of America reported "sporadic large withdrawals" at its banks Tuesday morning, but branches experienced a "pretty dramatic drop" in activity by afternoon. The bank limited the amount of cash that St. Louis customers could withdraw to \$5,000. Larger withdrawals were paid with cashier's checks.

The Federal Reserve moved to restore confidence Tuesday morning, pointedly noting that it is open for business and that its "discount window" remains available. The move signals that the Fed is willing to supply money to the financial system to prevent a freeze in funds.

The move is similar to the Fed's action after the 1987 stock market crash

The chaos in New York closed major stock, bond and commodities markets in the United States. But foreign stock markets experienced sell-offs.

Insurance stocks were hit the hardest on fear that the disaster would provoke huge claims.

On the oil market, the price of Brent crude jumped \$1.61 to \$29.06. In late trading in London, the price of gold rose \$14.70, or 5.4 percent, to \$286.25 an ounce.

Analysts said the paralysis of Wall Street and the airline industry should cause relatively little economic damage as long as the problem is short-lived.

Consumer spending has remained relatively strong amid the economic slump. But a fall in confidence could knock out the final support that is keeping America out of recession, analysts said.

"This will have to be a major shock to confidence, both to consumer and business confidence," said Landers Carnal, the chief of investments at Commerce Trust Co. in Clayton.

The economy grew an annual rate of only 0.2 percent in the second quarter, and few signs of a recovery exist in recent data.

Carnal compared the situation with 1990. Economic growth had slowed to a stop by midyear, when Iraq's invasion of Kuwait sent oil prices skyward and pushed the United States into its most recent recession.

The nation is "perilously close" to recession today, he said.

Heightened fear of recession might cause the Federal Reserve to cut interest rates before its next scheduled meeting, next month, said Al Goldman, the chief market analyst at A.G. Edwards.

When the markets reopen, expect "a couple of hours of pandemonium," said Charles Rice, a market timer and a money manager in Clayton.

Still, analysts said, the situation will settle down eventually, and investors will decide that the attacks will have little long-term

impact on the United States.

"In the long run, it won't amount to a hill of beans," Rice said. "People who want to be in a panic sell mode will regret it in a few weeks."

The shutdown of the airline system means a delay in sending checks from bank to bank across the nation. In turn, it means checks might take a bit longer to clear, bankers said.

At the Federal Reserve Bank of St. Louis, security has been heightened, but, "It's business as usual," spokesman Joe Elstner said.

And at Edward Jones, offices remained open, but many employees went home because markets were closed.

A.G. Edwards' headquarters in St. Louis also remained open Tuesday, though branch offices were given the option of closing. "We're proceeding as normally as possible," a spokeswoman said.

A.G. Edwards said it believes that its employees in New York are safe, a spokeswoman said.

The Bank of America, which has offices in the World Trade Center, said it didn't know the fate of its employees there. Though the bank is listed as a major tenant of the building, it subleases most of the space, and most bank employees in New York work elsewhere, a spokeswoman said.

Morgan Stanley Dean Witter, a major brokerage, housed its retail-brokerage and asset-management units in the World Trade Center, but its headquarters is elsewhere in Manhattan. The brokerage's St. Louis offices closed Tuesday. A person in the St. Charles office, who would not give her name, said the office had yet to get direction from its New York headquarters about what to tell customers.

Bloomberg News contributed information to this report.

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Companies intensify demand for security

BY VIRGINIA BALDWIN
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Calls started pouring in to private security agencies Tuesday.

"It's been crazy. Everybody wants more security," said Julie Stoehner, vice president of Stoehner Security Services.

The company, which employs about 150 guards a day, added an extra 20 people but still had to turn some prospective clients away.

Among the clients, several who wanted extra coverage were "those who might have ties to the Middle East, for fear of retaliation because of their religious affiliation or because of some sort of 'attack,'" said Terry Stoehner, the company's chairman.

Other customers that wanted a more visible security presence were businesses that supply services to a large number of people, Terry Stoehner said. "They're afraid they might be tampered with in some way, and they want to control their perimeter."

SBC Communications Inc., the parent of Southwestern Bell Telephone Co., closed its loading docks and announced that it would not accept packages until further notice.

The company activated emergency centers across the country, and it's enforcing security protocols to protect the nation's telecommunications infrastructure.

Luke Hutsell, the human-resources director for Pinkerton Security's regional headquarters in Downers Grove, Ill., said

his company received increased calls.

"They're most interested in having the presence of a person," Hutsell said. "Not someone who is armed, but to create a greater security awareness."

The company's region employs 16,000 people in nine states, including the metropolitan areas of Chicago; St. Louis; Milwaukee; Des Moines, Iowa; Omaha, Neb.; and Minneapolis.

Pinkerton is trying to meet the increased demand by hiring more people. But background checks alone take three to four days, Hutsell said.

"Right now, a lot of our officers are working additional hours and taking special assignments," he said.

Sandy Glassman and her husband, Bill Glassman, are former owners of a security firm that provides personnel to airports.

They sold their last segment of the company, a piece of Huntleigh Corp., in January. One of Huntleigh's clients is Logan International Airport in Boston, the departure point for two of the four planes hijacked Tuesday morning.

Huntleigh is now owned in full by ICTS International NV, based in the Netherlands. Huntleigh is still based in St. Louis. Company officials couldn't be reached to comment.

Sandy Glassman said: "I am just stunned. . . . I know nothing, but the concept of four different people getting weapons through security — it just doesn't happen."

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