



# the Observer

## Learn to Fly

She was terrified. She looked frantically up and down the aisle, as if contemplating a mad dash to safety. In desperation, she yearned for open space. I shared a seat next to this woman on a recent plane trip to New York and came to understand that she was having a full-blown claustrophobia attack. I gave her my aisle seat, hoping to help, but to no avail. She was past reason. It was agonizing to watch her escalating panic, and I found myself thinking about the power of fear and how we seem to be surrounded by it. Recent summer headlines have reported wild fires out of control, a bridge collapse in Minneapolis, the stock market “plunging” 300 points in a day, a potential sub-prime mortgage collapse, bombings in Baghdad...I could go on and on. These relentless stories of gloom-and-doom make us fear-

ful. Our fear affects not only us, but our family and friends. We seek ways to restore stability, like the claustrophobic woman on the plane. But is our anxiety grounded in reality? Will running from the plane provide relief? Might it be more beneficial to act than react? My fearful seat mate would certainly have welcomed a way to understand and overcome her fear rather than be overwhelmed by it. Reason and understanding are key to gaining control of our state of mind.

Our brain, composed of two parts, influences the way we respond to events in two distinctive ways. In defense of my seat mate, her fear was a life-preserving reaction. Her amygdala activated a primitive *fight or flight* response. This ancient part of our brain is similar to an animal's, and it initiates an instinctive, protective reaction. Without it, we would never jump back to the curb in the face of an oncoming bus, horn blaring. But this same fight or flight response can turn deadly when a fire erupts in a crowded auditorium with few exits. Thankfully, our human brain is equipped with something that animals don't have. Our pre-frontal cortex—where the higher-ordered executive function of the brain is located, enables us to

reason. Thus we can organize our day, decide if we will have fish or chicken for dinner and think our way out of danger.

Emotions, however, can hamper clear and reasoned thought. Our amygdala tricks us into believing that what we are experiencing is truly real. So we find ourselves sniffing and sobbing as we watch Old Yeller die or the handsome Titanic hero, Leonardo DiCaprio, sink into the icy water for the third time. We react emotionally and feel sad, angry or afraid. We can also be deceived by overly dramatized news stories that strike fear in our heart and move us to negative emotional reactions. Unfortunately, because of the way our ancient brain is wired, “sensationalism sells papers.” So we read that the stock market “plunged” rather than “the stock market slowly retracted its gain of the last two days?” Huh?!—What does that mean? This latter, more objective report is not even newsworthy by today's standards. However, that is exactly what happened—a slow move-

*Nothing in life is to be feared.  
It is only to be understood.*

—MARIE CURIE

ment or retraction of ticks on a ticker tape.



The markets have been very volatile this summer—something we have not seen since the late 90s' stock market bubble. This can be very disconcerting, especially if you're not comfortable with your investments or cash flow. Might be time for a reality check. Our primary job as advisers is to help our clients address fears that affect them financially and personally, whether it be the stock market or a death in the family. At this juncture, my advice to you is advice handed down to me since my youth: *I alone am responsible for my state of mind.* Therefore, the sooner we are truthful about our state of mind the quicker we can address our fears and gain relief.

Fear can be infectious and destructive. It is wise to understand our part in this vicious cycle. A Mayan father in Mel Gibson's movie, *Apocalypto*, is keenly aware of this. His hunting party encounters another local tribe in the jungle. Vicious invaders have chased this other tribe from their homes. They are on the move, seeking a safe



*"Let's not panic till we know whether it's coming in or going out."*

place to settle. The fear in their eyes is absolutely palpable. The father and his hunting party watch these frightened families, and then continue on to their own homes. Before entering their peaceful, unmolested village, though, the father abruptly stops. He turns to his son and asks him a question. "What did you just see?" He asks him to name what they witnessed in the jungle. The son, tense and nervous, is exhibiting all the symptoms, but does not know the answer. "Fear" says the father. You saw "fear." The father then warns his son to clear the fear from his mind so it will not infect his young wife, child and eventually the whole village. A very wise move.

selves to stop, step back, and wrest control away from our amygdala. By initiating this rational act, we move brain activity to the more rational prefrontal cortex. So there is truth in the advice to "stop and count to 10." When we consciously do something rational, the voice of reason can regain control. Recognizing that we are in a fearful state and then taking

*I have learned over the years that when one's mind is made up, this diminishes fear; knowing what must be done does away with fear.*

— ROSA PARKS

place to settle. The fear in their eyes is absolutely palpable. The father and his hunting party watch these frightened families, and then continue on to their own homes. Before entering their peaceful, unmolested village, though, the father abruptly stops. He turns to his son and asks him a question. "What did

We sense a lot of contagious fear brewing out there this summer.

So how do we move from a negative fearful state to a positive state of mind? The Mayan father clearly understood what to do. First we must force our-

steps to shake off that fear are critical first steps.

Thus we prepare ourselves for the next step—to rationally review all the facts and determine if there is a legitimate cause for concern. Let me share a real life example.

You may recall the summer of 2002. By late August, the stock

market had just lost another 20 percent, on the back of two losing years. A client had been advised by a good friend to sell all of his stocks and mutual funds. He wanted my opinion. Apparently, this client's friend had just sold his \$5 million stock portfolio, prompted by a doom-and-gloom financial newsletter. I asked him to fax the newsletter to me for review. Reading it, I almost became as anxious as my client. For just a second, I considered calling an emergency meeting with my partners to recommend selling all our clients' assets and buying gold bullion—then stuffing it all in a vault and standing guard with a couple of shot guns. But that was my amygdala talking. I quickly regained my composure and proceeded to analyze the hyperbolic claims that were represented as facts. After checking only the first four claims made on page 1 of 10 pages against legitimate sources, it was immediately apparent that this was not reliable, trustworthy prose. Rather—pure, unadulterated hogwash! Although persuasively written and suggesting that Armageddon had certainly arrived, the facts in this newsletter simply did not check out. There was no basis for the concern my client was experiencing.

I called my client and walked him through this same fact-checking process. In truth, the stock market has actually risen 100 percent since the fall of 2002. *It's doubled*—not fallen 80 percent as was predicted by this newsletter. I strongly doubt

this incendiary newsletter still exists. However, if the author understands human nature, he's probably printing dire warnings about the residential real estate market. There is always something to fear and papers to sell.

But what if the facts do check out? Do we panic then? Absolutely not. Fortunately we have another option besides fight or flight. Unlike a golden retriever, our cognitive ability allows us to reflect and reason. We don't have to avoid, procrastinate or deny our fears either. Rather, we can acknowl-

community. We can't afford to lose confidence and succumb to fear. The tragedy of 9/11 and the continuing threat of escalating terrorism have fostered growing anger and fear in this country. We need to be clear-headed in the face of uncertainty. Our example will have a positive influence and promote reasonable and appropriate action when necessary. Others will follow our lead and peace of mind will be gained.

No need to jump from the plane. Better to enjoy the ride. Learn to fly.



*“Safari, Agnes, is a state of mind.”*

edge them, address them and take action.

It is enlightening to understand that we are in control of our own state of mind. It is empowering to follow Nike's advice and “Just Do It.” We are leaders in our family, businesses and

....And one more thing. In keeping with the theme of this Observer, we would like to introduce our new online newsletter, *Inform*. Our goal is to inform you about things that are “good to know.” Our first edition addresses Identity

Theft—having received several inquiries about this topic. We hope our fact-checking will help you understand that you need not worry about becoming a helpless victim to credit fraud. You can take action to protect yourself. We are en-

closing a printed copy of the first *Inform*. You will also receive it online if we have your email address. In addition, it will be archived on our website at [www.coyleasset.com](http://www.coyleasset.com). Please note—future editions will only be available online. If we don't

have your email address, please go to our website and sign up as soon as possible: [www.coyleasset.com/pages/inform.asp](http://www.coyleasset.com/pages/inform.asp) We will be very happy to add you to our list of *Inform* subscribers. Thank you!



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## Identity Theft Resolution Services

After placing a fraud alert with the credit bureaus and filing a report with the police and the FTC, you'll need to start cleaning up your credit. The average time spent recovering from credit fraud is 28 hours, at a median out-of-pocket cost of \$750, according to a [January 2005 survey](#) by Javelin Strategy & Research and the Better Business Bureau. Expenses associated with ID theft recovery include time off from work, attorney expenses, telephone and mailing costs, and notary public charges.

Help is available with two types of identity theft resolution services. For-profit companies, including those hired by financial companies such as American Express or Fireman's Fund Insurance, do much of the paperwork and fact-checking involved in helping victims resolve cases of identity theft. Fees can range up to \$1,000, depending on the company and severity of the case.

You may also choose among national non-profit organizations such as [Identity Theft Resource Center](#) and [Privacy Rights Clearinghouse](#) that provide information, guidance and support so victims can resolve cases on their own.

Some for-profit companies ask you to sign a limited power of attorney for finances. [Identity Theft 911](#) doesn't ask for this and will conference in victims on calls to creditors or federal agencies.

You need to thoroughly check any ID theft monitoring or restoration service. Confirm that the company is registered to do business in your state and check your local [Better Business Bureau](#).

## Identity Theft Insurance

Check your homeowner's insurance policy; it may include ID theft coverage. If not, you may be able to add it to your policy for a small fee. Also, check your bank or credit-card policies; some offer ID theft assistance for free. Know, however, that you already have protection in place through the [Fair Credit Billing Act](#), which ensures that you cannot be held liable for more than \$50 in fraudulent card purchases. But if you still think a low-cost policy is worth the peace of mind, you should look for these features: a low deductible, reimbursement for lost wages, coverage of attorney fees, and cost of denied credit. Also, check the company with your local Better Business Bureau, your local consumer-protection agency, or the state attorney general's office to see whether there are complaints on file.

## You Can Do This. The Law Is On Your Side.

The key to recovering from credit fraud is patience and organization. Take advantage of [tool-kits](#) that are available, and be encouraged by consumer laws and organizations that allow you to advocate for yourself. But first, go out and buy a crosscut shredder—a good investment for your financial security.

## Additional Resources

[FTC's ID Theft Site](#)

[FTC's Credit & Loans Page](#)

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