

Year of the Buck: Immigrants Put Billions In Savings to Work

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By BERNARD WYSOCKI JR.

FLUSHING, N.Y. - The streets are strewn with litter, and many of the shops are no-name outlets overstuffed with down-market goods. Walking along Main Street here, it's easy to see why this neighborhood in the New York Cityborough of Queens seems doomed to be perpetually unfashionable.

But when Howard Chen looks out his office window toward Main Street, the Taiwan-born senior manager at Charles Schwab & Co. sees something completely different: huge amounts of Asian immigrant money, and fierce competition to manage it.

"It's ferocious, just ferocious," he says. "In just one block, there are six or seven brokers and a dozen banks."

Indeed, downtown Flushing has become a financial battleground, as Asian and Asian-American savers turn into investors and even speculators. Among the mainstream firms already here, PaineWebber Inc. and MetLife have opened offices in the past 18 months, and Fleet Financial Group has revamped its Flushing branch to target Asian customers. Merrill Lynch & Co. and others have scouted for locations. They find plenty of local rivals because many immigrants also have started brokerage, insurance or banking operations.

In all, about 37 bank branches fight for business in and around the Main Street area. Their combined deposits, according to the Federal Deposit Insurance Corp., soared to \$4.2 billion in mid-1998, up 44% since mid-1994 (compared with an overall rise at U.S. banks of 16% in the same period). Market leader Citibank has seen deposits at its single branch jump 87% in the past four years to \$321 million.

Schwab arrived last year with a splashy two-story branch. Around the same time, the discount brokerage firm introduced a Web site using Chinese-language characters. Locals crowd into its Saturday investment seminars -- in Mandarin in the morning and Korean in the afternoon. While Schwab has catered to the Asian investor community since the early 1990s, the focus has been mainly on California. The Flushing branch is the first East Coast outpost of the company's Asia Pacific Services unit.

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All the activity points to a critical mass of people and wealth here among the 50,000 Chinese, 35,000 Koreans and smaller numbers of Indians, Malaysians and others. In this 300-year-old neighborhood a short train ride from Manhattan, immigrants from Asia are showing that legendary savers can also be energetic investors.

In some Flushing households, savings rates are 50% or more, compared with a drop in the overall U.S. household savings rate to near zero in 1998. Meanwhile, many immigrants -- especially the Taiwanese, who dominate the financial landscape as bankers, brokers and investors -- are eagerly putting some of those funds into play with stock trading. Typical is Cindy Hsing, age 58, whose glasses, conservative suit and neatly coifed hair may bespeak the conservatism of a woman who trained as an accountant in Taiwan, has three grown daughters and works as a secretary for a Chinese architect. But last year, Ms. Hsing says, she conducted 150 trades -- buying or selling individual stocks about three times a week. She has bought and sold Internet hotshot eBay Inc. several times. She lost \$10,000 when an oil-drilling stock declined. She bought shares of America Online Inc. shortly before they split, then sold them for a modest profit. Overall, she came out a little ahead last year.

She has an \$80,000 account with Schwab and says she loves to trade. She and her network of Taiwanese relatives and friends exchange stock tips. She bought a computer and does stock research online in Chinese.

"A lot of Chinese are doing stocks now," says Ms. Hsing. In her case, it's strictly U.S. equities. "Investing here is the safest in the world."

The idea that the U.S. is a haven in a troubled world helps explain the tide of people and money flowing into Flushing, though some funds that seek refuge often return home when trouble there abates. That was true in 1996, when tensions between Taipei and Beijing spiked and "millions of dollars poured in" from Taiwan, says Thomas Tai, a local insurance-company executive. "But it went right back because the situation settled down."

Other capital ends its flight here, however. Hong Kong money that has flooded in, particularly before the mid-1997 handover to Chinese rule, looks like permanent investment. Some of the biggest stores along Main Street were financed by Hong Kong groups, including the Hong Kong Market, a huge supermarket.

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To be sure, some portion of the wealth accumulating in Flushing is illegal, as proceeds of drug trafficking or other criminal activity. But a spokesman for the Drug Enforcement Administration in New York says that "the majority of businesses in Flushing are legitimate."

Money also has flowed into Flushing as a result of the Asian financial crises that began in mid-1997. But the human tide has been substantial, too, as thousands of jobs vanished at South Korean conglomerates or in mainland China's state-run companies. Visible here is a wave of newcomers at the bottom of the social pyramid: day laborers, fresh from provincial China -- and many here illegally, authorities suspect. They loiter outside the post office, a makeshift outdoor hiring hall. One or two rungs up the social ladder, Malaysian hairdressers, forced here by the crisis at home, work in the beauty parlors and double up in \$800-a-month apartments.

A few rungs higher, the real money starts to appear. Some of the immigrants from mainland China are exporters, or children of the Chinese elite. If the elite "don't come themselves, they send their children," says Jimmy Meng, president of the Flushing Chinese Business Association, which has about 600 members.

And they don't loiter outside the post office. "Every week, we open at least 40 accounts for mainland Chinese, with at least a \$25,000 opening balance," says John Liu, president of First Flushing Securities Inc., a discount broker with a Chinese Web site. He notes that most of those new accounts are either resident aliens or U.S. citizens. It's hard to say how many live in Flushing, though, because his company's push into the online brokerage business has brought him new clients from farther afield.

Even more prominent financially are the Asian immigrants who have been here a decade or more, worked hard and saved small fortunes. These include Asian or Asian-American physicians and dentists, computer entrepreneurs, restaurateurs and small-scale media moguls. At the top are the tycoons, such as the Wang family from Taiwan, owners of a Chinese-language newspaper and builders of a 175-room Sheraton Hotel here in the early 1990s. At the time, locals thought the project foolhardy. Who would put a nice hotel in Flushing, right under the flight path into LaGuardia Airport?

Today the Sheraton LaGuardia East boasts a 91% occupancy rate and hosts an average two Chinese wedding banquets a week. The lobby's lounge and restaurant have become a deal-making hub for local and overseas Asian entrepreneurs, says Douglas Topous, general

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manager.

Other Asian groups have bought up parcels of land in the hope of building more hotels, office buildings or residential towers. With its commercial growth, Flushing has emerged as New York's No. 2 Chinese enclave, rivaling Manhattan's Chinatown.

As in the past, generations of immigrants have moved in, and then moved up and out, to Long Island or Westchester or New Jersey. Unlike the Irish, Italian and Jewish immigrants, however, many of the Asians who leave keep coming back on weekends to patronize familiar businesses and eat at one of the more than 100 Asian restaurants.

Starting a restaurant is a common ambition. Historically, immigrants have found it hard to get loans, though in Flushing, that's less of a problem. Some of those 37 banks have been eager lenders to small businesses. Jentai Tsai, chairman and chief executive of Asia Bank N.A., with about \$200 million in deposits and \$20 million of paid-in capital, has made it his specialty.

Mr. Tsai has been here since 1970, first running a supermarket, then pooling Chinese investment to open his bank. He specialized in letters of credit with a 24-hour turnaround. Since then, he has accumulated commercial property, and his bank regularly finances restaurants.

A recent Monday lunchtime found Mr. Tsai at a brightly lighted Chinese seafood place called Jenny, where he owns the building and has financed the couple from mainland China who lease the space for the restaurant. Mr. Tsai looks over the fish swimming in a tank along the wall, places his order and then saunters over to talk with the woman in her 30s who runs the place with her husband.

"I told her, 'You've been here for five years. It's about time you bought a house. Come see me,'" Mr. Tsai says. He notes that his bank doesn't make much on such mortgage loans, but keeping the overall banking relationship is important.

Hardship haunts Flushing's latest crop of budding entrepreneurs, however. The area's prosperity has brought soaring rents for retail shops. A 500-square-foot store rents for \$6,000 a

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month in choice locations along Main Street. It's too steep for some to survive. Turnover among restaurant owners is high. Turnover of ownership is a problem, too. Local officials point to \$4 million in taxes owed on downtown Flushing real estate.

Those who have clustered in the high-rent district have been mostly Chinese. The Koreans have started to move east, along a major thoroughfare called Northern Boulevard. The signs on the storefronts show the trend. So do the computer-generated population-density maps in the office of Young Dae Kwon, who personifies the next generation of Flushing entrepreneurs.

Mr. Kwon, a graduate of elite Seoul National University, is building a media-and-education empire in downtown Flushing. He has started a 24-hour Korean television station, channel 17 in New York. He owns a Korean-language radio station and a Korean telephone directory for classified listings, and he is launching a weekly newspaper.

Mr. Kwon moved to the suburb of Port Washington, N.Y. several years ago, but when his children reached college age, he sold the place and bought a condominium in Flushing. "It was tough driving home at 10 p.m. Now I walk to work," he says.

In the same building, Mr. Kwon's wife, Jenny, runs Elite, which offers Saturday classes for college-bound students. It's one of the "cram" schools where mainly Asian-American students get high-intensity training for college-admissions tests and other vital exams. And it's just one reason why downtown Flushing is such a zoo on the weekends.

By 10 a.m. on a typical Saturday, the bank lines snake out the door. Traffic crawls. The new four-story Queens Public Library is jammed with bookworms. And in one of the smaller ballrooms of the Sheraton, the Schwab investment seminar in Chinese is under way, with about 75 attendees.

The Schwab staffers talk for 20 minutes about Roth IRA accounts, Keogh plans, asset allocation. Then there's a call for questions. Dozens of hands go up. A Mr. Chou in the second row can't get recognized. He becomes impatient and finally just stands up and starts talking. "I don't know how to invest," he says. "But I have money." The Schwab people hand him a lucky Chinese calendar and promise to stay in touch.