



# Business

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## Experience market frenzy with no risk

This holiday season, imagine gathering around Santa's fireplace with a collection of interesting elves.

After the stock market's plummet these past weeks, many of us are in need of some time and space to play a festive and spirited game.

A group of beginning investors in such a mood gathered at my office a few weeks back to do just this.

To honor this highly unusual and tumultuous fall, and to be in synch with the uncertainty surrounding the results of our presidential election, I decided to test an experimental game my kids and I have been working on that purports to help people learn about the stock market.

Investors, from the ages of 8 to 78, were present and we all were in the mood to have some fun.

I would like to share some of the fascinating lessons those present learned about their own behavior in respect to gaining and losing money, even if it's only play money.

First, try to imagine the frenzied "auction" feeling that is part and parcel of the trading-room atmosphere. In our game, everyone starts with the same amount of money, like in Monopoly. One person, the market maker, puts up a chalkboard and lists a price for an imaginary company. Then, every three minutes, the price changes.

All players can buy or sell that stock at the current price listed. You make or lose money as the stock price rises and falls.



ROB RIKOON

Real Money

Now, let's make it more realistic, and say that there are eight stocks. They are listed on eight different boards, and all of them are changing every three minutes.

You get to buy or sell any of them, at any time, if only you can make up your mind. This is the first challenge. Is this starting to sound familiar?

The market maker shouts out, "Hey, everybody, check this out. A recently issued IPO, Stock No. 1, is going up 20 percent every change — you better get on board!"

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Next door, Stock No. 2, "Ol' Plodder," is going nowhere, changing less than 1 percent every three minutes, which seems like a very short and highly charged time. However, "Ol' Plodder" pays a 5 percent dividend, guaranteed at the end of the game, which in our first session ended after only 10 price changes.

The other stocks being traded are following completely different patterns, so the second challenge is to develop an overall, personalized strategy. Are you going to focus on one or two of the eight possible stocks? Are you going to try to trade in and out of all of them at every price change?

Another option open to players is to sit on the sidelines and put the money in the bank and collect 6 percent interest (this is a little like sitting in jail) or to choose the bond desk, where you get 8 percent interest, but now it gets more interesting. Every player gets to pick one card, out of a choice of four stacks. They are named "life changes," "cor-

porate fortunes," "economic conditions," and "national events." As most investors know, the wheel of chance has an enormous effect on the price of stocks in the real world.

For example, one "life change" card might read "finish college, get an extra 25 percent of assets" while another would say "Get divorced, pay out 50 percent." These cards affect only the person drawing it. A "corporate fortune" card would affect everyone holding that particular stock. For example, Ol' Plodder might be a utility stock whose power plants are temporarily closed down and the price of the stock therefore gets cut by 30 percent on the chalkboard. Alternatively, there could be a surprise stock dividend on the IPO, which gives all holders 100 extra shares for each 100 already owned.

"Economic conditions" cards would affect everyone owning stocks in a particular industry. For example, a card saying, "Federal Reserve lowers interest rates" would make all financial stocks increase by \$10 per share on the chalkboard. "National events" cards affect everyone who owns stocks or bonds in that country. A broken-down electoral system penalizes everyone holding U.S. stocks, while development of a new technology in Sweden gives everyone holding a Swedish company an extra 40 grand.

Well, you can see how the game could get kind of crazy. The funny thing is that some familiar patterns of behavior emerge when players get involved in the excitement of pitting ones mind vs. "the market." We observed that the unlikely winner of the first

game was my daughter, who really didn't care about the stock's stories in the least but who was the most involved in wading into the thick of it to furiously trade for competition's sake. I think it was mostly just luck that she ended up with any money at all.

The calmest person in the crowd merely bought some of each stock and did no trading at all; that person obtained second place. Third place was garnered by the most studious and scientific fellow, who actually thought through what he was doing, cut his losses early and took profits without worrying about missing the top.

At the end of the session, we stopped to discuss each strategy, at least those who had one, and in the end, all agreed that the adrenaline of money-making was in the air, if only briefly.

Every game must have its prize, so I invite you to participate in the ongoing development

of this game. You can submit your ideas either via e-mail to rrikoon@aol.com, or via regular mail to 510 Don Gaspar Ave., Santa Fe, 87501.

We are looking for ideas on individual companies' stock, with their attendant price-movement charts, or for one of the four types of cards described above.

If you send us something, you will receive an invitation to be a participant in the next session of our game. We will reward the winners with some kind of financial service.

So, your challenge is to come up with an event that can happen in someone's financial life, in the fortune of a business, economy or in a country that would affect the price of financial assets. Or, try to think up a particularly interesting stock story and describe a meaningful pattern of price change.

The idea is to teach a lesson to the game's participants about cause and effect in the markets.

My kids think this will make a great board game or even be better as the subject for an Internet chat room, sort of a financial Dungeons and Dragons.

I'm not so sure, remembering the unbelievable hassle of writing a simple book two summers ago. Maybe I'll just sell the movie rights and put the money under my mattress.

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