

Los Angeles Times

12/19/08 Letters:

Re: "Mom! Dad! What a day on Wall St.!" Dec. 15

Thank you for the informative article. However, the information --- teenagers conditioned to become short-term stock traders --- is alarming.

Why students more interested short-term trading than long-term investing? Are stock brokerage firms, whose existence is based upon commission income, sponsoring the activities? Do any of the teachers have any real-world experience as investors? Where is any mention that investors should only play the stock market with funds they can afford to lose?

Teaches should start with the basics --- financial statement analysis --- rather than encouraging greed.

LES GREENBERG
Culver City

Stock market classes: Never a dull moment

The economic crisis provides students with thrill-ride excitement as they learn how to invest and compete in the Stock Market Game.

By Carla Rivera

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Lev Khodaverdy is so interested in how the day's trading will unfold that he gets out of bed by 6:30 most mornings to watch on television the opening bell of the New York Stock Exchange.

The wild gyrations in the stock market have investor Ian Levy on pins and needles, unsure whether to sell off his portfolio or hold tight.

That the two are students in the Viewpoint School's eighth-grade stock market class has not lessened their angst as they research and evaluate stocks and learn about the financial world during one of the worst economic downturns in history.

"I watch with my father, and it does make me feel insecure, whether it's going up or

going down," said Ian, 14, referring to the Dow Jones industrial average. "A couple of months ago when it dropped" nearly 800 points, "me and the whole rest of the world got very scared."

But even with the daily drip of bad news, Ian, Lev and their 19 classmates can't get enough, spending hours each day on financial websites studying analysts' estimates, price ratios and trading history. The stock market class is one of the Calabasas campus' most popular electives and mirrors a huge interest on the part of students nationwide in real-life economy lessons.

The Viewpoint class covers such personal finance issues as balancing a checkbook and using a credit card. But this year it is the stock market -- whose ups and downs are a daily focus of media attention -- that has captivated students.

"I think it's part of growing up, that they can talk about things in the adult world," said math teacher Alan Meyer, who teaches the class. "When I'm out in the lunch area, I hear them talking about stocks. It makes them feel good they know something that other young people don't."

Math and economics teachers like Meyer are adjusting their curricula to use the collapsing economy as a teaching tool. Meyer this year is placing more emphasis on diversification, having students learn more about the industries in which companies are involved -- "If it's a financial services company or a car company, don't get caught up in all the bailout talk. Wait until you see some strength," Meyer has told his students -- and drilling into them that there is no guarantee of making money.

During a recent class, students were asked to determine which of three stocks -- Microsoft, Intel or Yahoo -- would be the best buy, and on their laptop computers they set about Googling financial websites and pulling up charts.

The class consensus: Microsoft.

"There are only 11 stocks in its fundamental group," notes Jonathan Stav, 13, using a lexicon that would have made his stockbroker and author mother proud. "It's planning on making watches using solar power and with AM/FM radio. It's been stable in these economic times."

Students said the class has made it easier to talk to parents and other family members.

"My dad and brother" who are both investors, "never agree on anything, but it's a lot easier to understand them," said Jonny Paul, 13.

Brian Levy, Ian's father, said his son was learning the value of money and gaining an appreciation of the privileges he has in life.

"He spends time with his grandfather and uncles, and they talk about what that day's

stocks are doing," Levy said. "He has a totally different perspective than the adults who have a prudent view because we're dealing with real money. His perspective is fun and refreshing."

One of the biggest draws of the Viewpoint class is playing the online Stock Market Game, which is sponsored by the Foundation for Investor Education, the nonprofit arm of the New York-based Securities Industry and Financial Markets Assn. Teams of students are given a virtual cash account of \$100,000 to create the best-performing portfolio in regional and statewide competitions.

Last year, nearly 80,000 public and private students in fourth through 12th grades participated in the program in California, up from about 48,000 the previous year. Participation among Los Angeles-area students increased to about 30,000 last year from 19,000 the year before, said Maria Suggett, Western regional director for the Stock Market Game.

The California program was partly supported by Merrill Lynch, which was caught up in the subprime mortgage crisis and absorbed by Bank of America in September. The program is looking for a new sponsor so that it remains free for schools, Suggett said.

Most teams have a window of eight to 15 weeks, depending on the state, to increase their portfolio. They pay a commission on all trades, pay interest if buying on margin and earn interest on cash balances. They have to think analytically and know what is happening globally to make smart choices.

The fall competition ended Friday, and students will find out how they placed next week. Most teams have been hammered by the sour economy, just like real investors. Jeffrey Aronsky, a business teacher at La Mesa Junior High School in Santa Clarita, has teams who have been among the top ranked in the state and is hoping for a good outcome.

When the market was crashing a few months ago, his seventh- and eighth-grade students, many of whom have special needs, were lined up outside his classroom before 7:30 a.m. to use the computers to buy and sell stocks.

One group concocted a complicated plan to buy offshore stocks and use currency exchange rates to make money.

"They figured that out, and it was pretty savvy," Aronsky said.

Several teams of sixth-, seventh- and eighth-graders at Westborough Middle School in South San Francisco have made gains, said math teacher Steve Patane, including one trying to hang on to a bulging portfolio of \$237,000.

"Some kids actually started shorting the stocks," meaning the investor attempts to profit from the falling price of a stock, Patane said. "It's fun for them. The difference this year is they have to pay a little bit more attention because of the wild swings. It does make it

more exciting."

After their stock market class, Viewpoint's top-ranked team regrouped in the school library to strategize how to increase its \$106,000 portfolio and win the regional contest. Team members Jonathan Stav, Demren Sinik, 13, and Brendan Rosenthal, 14, decided to gamble by selling short, forecasting that the market would decline.

They were philosophical about their chances.

"It's teaching how to invest in the worst of times," said Jonathan, who plays several instruments, sings and also has acted.

Added Demren, a soccer enthusiast: "This is great practice for real life."

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