

INVESTING AND GAMBLING PROBLEMS

Some Investors May Be At Risk For Gambling Out Of Control In The Stock Market And Other Financial Markets

- When people gamble excessively, and their behavior negatively affects other areas of their lives, gambling becomes a problem. Problem gambling may occur in the traditional recreational forms of gambling, such as sports betting, casinos, or the lottery. It can also be a problem in any financial transaction, including the financial markets, when money is risked in an attempt to gain more money.
- When does investing become problem gambling? A self-scoring quiz is offered below to alert investors to the potential for problem gambling in the markets, along with suggestions for where to go for help.
- All investments include risk of some kind. Investors should always know the risk that they are taking and choose investments to match their risk tolerance. The problem gambler can find gambling opportunities in all market areas, including simple stock purchases.
- Most investors clarify specific, long-term goals, such as college tuition for their children, or economic security in retirement and choose investment products that match their goals.
- A small percentage of “investors” are risking large sums of money in market transactions. Their goal is to make a lot of money quickly and to experience the excitement of the action. These gamblers “play” the markets as they would play casino games.
- Some problem gamblers in the markets have never gambled for recreation, while others have gambled problematically at some time in one or more recreational forms of gambling.
- People who have gambling problems are seeking to experience the same reactions in both the markets and recreational gambling. Their behaviors meet the diagnostic criteria for pathological gambling. Pathological gambling is also referred to as compulsive or addictive gambling. It is a clinically defined mental disorder characterized by obsession with gambling and out of control gambling resulting in serious negative consequences in most areas of functioning.
- If you think that you or someone you care about may have a problem with gambling in the financial markets, take this self-scoring quiz to assess the behavior. The questions identify the major characteristics of compulsive gambling as they apply to the markets.

FINANCIAL MARKETS GAMBLING QUESTIONNAIRE

Note: All questions refer to either past or present thinking or behavior.

1. I have been preoccupied with seeking daily information about the status of my investments or trades or have been preoccupied with thoughts of past and future investments or trades. Yes No
2. A major reason I have invested or traded is to change an unhappy mood, for example, escape worries, pressures, anxiety, depression, etc. Yes No
3. I have experienced extreme highs when I win and extreme lows when I lose in the markets. Yes No
4. I have felt uncomfortable when any cash accumulated in my brokerage account and have needed to quickly find a way to keep it in action. Yes No
5. I have been restless or irritable when unable to be active in the markets, for example, when short of money, away on vacation, trying to cut back on trades. Yes No
6. I have needed to increase the amount invested or traded to maintain the high or excitement of being in action. Yes No
7. My investments or trades have become increasingly speculative or risky over time. Yes No
8. I have had more money at risk in the markets than I could afford to lose. Yes No
9. I have often engaged in high volume investing or trading, for example, to outguess the direction of the market, etc. Yes No
10. My investments or trades have been highly leveraged. Yes No
11. I have not opened brokerage statements to avoid having to think about my losses. Yes No
12. I have borrowed money from family, friends, credit cards or other sources to invest or trade. Yes No
13. I have borrowed money to invest or trade and have not paid it back. Yes No
14. I have had to have someone else provide money to relieve a crisis caused by my investing or trading. Yes No
15. I have lied to people in order to hide that I was investing or trading or to hide how much money was involved. Yes No
16. When losses have piled up, I continued the same investments and trades or increased the amount, in hopes my strategy would work, or my luck would change and I would regain the losses. Yes No
17. I have wanted to stop investing or trading but did not think I could, or I have been unsuccessful when I have tried to control, cut back or stop investing/trading. Yes No

18. I have risked losing or lost important work, family, or other commitments due to the amount of time and money taken up by my trading or investing. _____ Yes _____ No
19. I have committed an illegal act to get money to continue to invest or trade or to pay back a loan for my investment activity. _____ Yes _____ No
20. I have wondered whether I was gambling excessively in the markets. _____ Yes _____ No

Key:

- 0 No gambling problem
- 1 or 2 Possible future problem
- 3 or 4 Mild current problem
- 5 or 6 Moderate current problem
- 7 or more Severe current problem

You should seek help if you are concerned about your answers to these questions or you believe the questions apply to someone you care about. Pathological gambling is a treatable mental disorder.

Gamblers and their families and friends may get more information about pathological gambling, and about professional and self-help treatment resources in the 50 states and Puerto Rico by calling:

The National Council on Problem Gambling

HELPLINE: 1-800-522-4700

OFFICE: 410-730-8008

You can get more educational information for investors, including publications, such as “Invest Wisely” or “Ask Questions about Your Investment,” from the

U.S. Securities and Exchange Commission

Office of Investor Education and Assistance

Mail Stop 11-2

450 Fifth Street, N.W.

Washington, DC 20549

1-800-SEC-0330

<http://www.sec.gov>

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