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Gambling in the Stock Market

Stock Market Gambling

By Ed Looney

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- October 19, 1987 will be remembered by most people as Black Monday-the day that the Dow plunged 508 points. We at the Council will remember it as the day the securities gambler came of age.
- Prior to October 19, 1987 calls for help from stock market investors who crossed over the line to compulsive gambling represented 2% of our statewide Helpline 1-800-GAMBLER© calls for help.
- In the weeks that followed, stock market gambling calls represented 44% of all hotline calls.

Leading experts in the gambling treatment field knew all along the devastation caused by compulsive gamblers to themselves and their families through gambling in the stock market. Dr. Robert Custer, considered an expert on compulsive gambling, recently testified at the New Jersey Governor's Advisory Commission's meeting that stock market gamblers represent over 20% of gamblers he has diagnosed. Gamblers Anonymous, recognized as the most successful treatment for the compulsive gambler, has long known the problems that compulsive gamblers have created through involvement in the stock market. Their fellowship, which consists of 900 groups and over 15,000 members worldwide, recently addressed this type of gambling in their literature for their membership. It states "don't tempt or test yourself. Don't associate with acquaintances who gamble. Don't go in or near gambling establishments. Don't gamble for anything, this includes buying from the stock market commodities and options."

Some of the preferred areas of stock market gambling that attract the interest of compulsive gamblers have been...options, commodities, penny stocks, index investing, new stock offerings, certain types of bonds, and contracts for government securities. Compulsive gamblers have different appetites when it comes to investments. Some like the riskier action that the commodities and option index allows. Others think of themselves as cautious long term investors preferring the blue chip varieties. But even the seemingly ultrasafe blue chips dropped in value as much as riskier type stocks during Black Monday. Both types of gamblers enjoy the anticipation of following the daily activity surrounding these investments. Newspapers, hourly radio and TV reports and hundreds of periodicals and magazines add excitement in seeking the investment edge. "Action is their game." Investment goals are unclear, they are in it for the feeling it gives them as they experience the highs and lows and struggles surrounding the play. When this activity starts to affect relationships with spouse, family for employer or causes financial problems, they have subtly crossed over the line from "investing" to gambling."

For those compulsive gamblers who are employed within the brokerage field other issues need to be addressed. The disclosure to the employer that they have a gambling problem in many cases leads to loss of job and vocation. Blackballing from the securities field inevitably follows. Public faith and trust are the foundation of the securities industry. It is most important to preserve public confidence. Therefore, if an employee is discovered having a gambling problem, it is most expedient to get rid of them by having them resign or by firing them.

These employees, as they progress to the desperate phase of their gambling addiction, resort many times to illegal activity. Many have, after borrowing from their banks, family members, fellow employees, and friends, resorted to embezzlement. The progression of the illness continues as he tries to recapture his losses by gambling more frequently or with larger amounts. Employers and employee assistance counselors need to be knowledgeable about identifying the compulsive gambler and refer him to treatment. Compulsive gambling is a treatable illness. Thousands of men and women with this problem are recovering and are back into the mainstream of society as better parents and spouses, more productive and responsible employees and free from the gambling addiction.

The Council on Compulsive Gambling of New Jersey will be addressing this growing concern through educational seminars on stock market gambling and the compulsive gambler working in the securities field. Additional information may be obtained through our office at (609) 588-5515.

1. Does the employee trade options, futures or commodities for his/her own accounts?
2. Does the employee purchase securities on margin?
3. Does the employee get involved in short term trading (day trading) for himself/herself or for clients?
4. Does the employee have unusual work habits and hours?
5. Is the employee reluctant to take regular vacations?
6. Does the employee settle his/her account on a timely and proper basis?
7. Do the employee's clients have a large number of regulation "T" violations?
8. Does the employee have an inordinate amount of personal or family related trades?
9. Does the employee borrow from the firm or fellow employees?
10. Is the employee's portfolio heavily weighed in speculative investments?
11. Does the employee have a history of stability in his/her work history?
12. Does the employee bounce checks?
13. Are bank checks or other unidentifiable checks used to settle client accounts?
14. Does the employee receive customer checks to be delivered personally?
15. Does the employee have a high degree of cash activity within his/her client's accounts?
16. Does the employee make a large amount of telephone calls to Sport Phone, OTB, or other such facilities?
17. Does the employee receive calls from creditors while at work?
18. Does the employee's conversations consist mainly about sports or gambling?

The above questions can be helpful in the identification of an employee who has a gambling problem. For further information and help in New Jersey please call , 1-800-GAMBLER© or (609) 588-5515. If you need help outside of NJ, call the 24-hour Helpline at 1-800-522-4700. You may also e-mail us at ccgnj@800gambler.org and visit online at www.800gambler.org .

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