



## VIDEOS

<http://moneytrack.org/videos-2/top-stories/>

### **214: Millionaire in the Making**

#### *Discussion Questions:*

How old is Damon Williams in this video?

14

How much money has he accumulated in his portfolio?

\$50,000

How does he choose an investment?

Invests in companies he is familiar with; appreciates their products/business

What is a stock?

Part ownership in a company

What is Damon's stock market strategy?

He's a "buy and hold" type of guy (doesn't trade in and out a lot)

What kind of indicators does he study?

1. P/E Ratio – The price to earnings ratio compares the price per share to the earnings per share. It shows how much an investor is willing to pay for \$1 of current earnings per share (EPS). The P/E ratio is calculated by dividing the stock's price by the company's latest 12-month EPS. (Basics page 2.23)

2. Dividend Yields – Dividends are the distribution of a company's profit or earnings to the company's shareholders or stockholders. (Basics page 2.8 and 2.23) The dividend yield is the financial ratio that shows how much a company pays out in dividends relative to its share price. It's a way to measure "bang for your buck" from dividends. (annual dividends per share/price per share = dividend yield)

3. Growth Rate (over the last five years) – The growth rate shows roughly by how much a company is growing each year. (Damon likes to look at a five-year span of time, and he looks for at least 15%.)

**TEACHER HANDOUTS:** Descriptions of Damon's indicators (also resources to find out more about investing)

P/E ratio: USA Today's Ask Matt Krantz [http://www.usatoday.com/money/perfi/columnist/krantz/2010-04-28-price-to-earnings-ratio-p-e\\_N.htm](http://www.usatoday.com/money/perfi/columnist/krantz/2010-04-28-price-to-earnings-ratio-p-e_N.htm)

Dividend yield: Investopedia (glossary style) <http://www.investopedia.com/terms/d/dividendyield.asp>

Growth rate: Motley Fool <http://www.fool.com/investing/small-cap/2005/05/18/calculating-growth-rates.aspx?source=isesitlnk0000001&mrr=1.00>



## VIDEOS

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### **305: Lessons from a High School Scam Artist**

*Discussion Questions:*

What is Cole Bartiromo convicted of?

Internet fraud

How did Cole get started scamming people?

Fraud in selling candy bars and through eBay auctions

What role did the Internet play in Cole's scam?

Makes it easier for someone to scam you because you don't really know the seller; faceless; easier to pretend to be something else

**\*Affinity Fraud** = A type of investment scam in which a con artist targets members of an identifiable group based on things such as race, age, religion, etc. The fraudster either is, or pretends to be, a member of the group. This type of scam leverages and exploits the inherent trust within the group.

How is Internet fraud different than affinity fraud?

In affinity fraud, the con artist convinces you to trust him/her because he's LIKE you; affinity fraud is in-person and personal

What were the red flags in Cole's "Invest Better 2001" Web site?

Guaranteed return

High rate (2500%)

Risk free

"Safe bets"

How is financial fraud (which is a type of "white collar crime") different from other kinds of crimes?

The victim actually has to participate in order to become a victim

(example, you don't *choose* to get robbed – probably don't even know it's happening – to become a victim of investment fraud you have to *choose* to invest in the first place)

How can you make sure an investment is not a fraud?

Watch out for red flags

Do research to check on the company and its management

Do research on how the investment has performed in the past

Verify the investment and the seller with a securities regulator

(KY Department of Financial Institutions, 800-223-2579, [www.kfi.ky.gov](http://www.kfi.ky.gov) )

What do you think of this statement Cole made? "If you decide to invest, you're taking a risk – you're making a gamble – so hopefully you put in your research. If your research is my opinionated message, more power to you. Roll the dice and see what happens."

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What kind of indicators does he study? (list at least one)

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