

Meanwhile, All the Virtual Markets Are Thriving

By Mike Musgrove
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Thomas Cleberg spends a lot of spare time thinking about which stocks he wants to buy these days. In the past few months, the college student has decided he might pursue a career on [Wall Street](#), of all things.

Lately, it's looking as if he might have the chops for it. Earlier this month, his portfolio was up 160 percent, though at a recent glance, it's only up about half that now. Most of his holdings are down, but [Wachovia](#) is up 60 percent since he picked it up the other day at \$3.84, and Cleberg is still riding high off a few other flips he made in recent weeks, such as when he picked up [Fannie Mae](#) and [Freddie Mac](#) at the bottom. As for Wachovia, this could be the second time he's made a minor killing off the bank's stock.

It's like [Warren Buffett](#) says: Be greedy when others are fearful.

The only thing is, Cleberg isn't betting any real-world money. He's one of the more skilled users of a [Facebook](#) application that lets players "invest" in a fantasy market designed to replicate the real thing.

On a good day, he's the No. 1 player in the United States, according to the charts at Fantasy Stock Exchange. But there's no telling where he'll be on that list tomorrow. And yes, it's probably a little easier to follow Buffett's investing maxim when there's nothing at stake but bragging rights.

At a time when investors are yanking billions of dollars out of the market, virtual stock market services say they're getting more attention from Web surfers than ever. It makes sense, sort of. If even hedge fund managers are moving billions of dollars into money-market accounts, this might be the only market you might want to be involved with right now.

Over the past year, the amount of traffic at Wall Street Survivor, another online stock market simulation service, has tripled.

"We've seen a huge spike in visitors," said Rory Olson, chief executive of Stock-Trak Group, the Montreal firm that runs the service. Olson ties his site's increased fortunes directly to the market's troubles. "People are frightened and looking for education and answers," he said.

Years ago, the company started out making programs aimed at the education market. If you ever took a college class about Wall Street or investing, the chances are decent you've used those products; about 1,000 schools and universities use Stock-Trak tools. A few years ago, the company figured that stocks had enough mainstream interest and it began to offer a free, ad-supported consumer version. The company now gives away cash prizes every month to the user who has the best-performing portfolio. Soon, the company plans to introduce another service, in which users would pay a fee to peek into the virtual portfolios of the site's regular top performers.

But education and answers only go so far in a market this bad. Olson admits that his personal portfolio of real-world investments got hurt just as badly as everyone else's in the last few weeks.

"I got really hammered," he said. "I was blown away by how vulnerable I am."

I worry a little bit about fans of these games. The sort of stock trading you have to do to make it to the top of one of these online diversions requires that you do pretty much the opposite of anything financial planners would ever advise.

On these sites, conservative investing is boring; the fun comes from taking very risky gambles. If you luck out enough in the fake market, the risk is that you may be tempted to log onto [Charles Schwab](#) to try to replicate that success.

Take Dave Knight, a UPS worker who lives in Tulsa. His portfolio is up to \$310,000 in imaginary money at Wall Street Survivor, and he's near the top of the charts.

Years ago, he dabbled in day trading and lost half his initial investment. Now, in the world of virtual stock markets, he's doing well enough and feeling confident enough that he's started a financial blog and hopes to save and earn enough to start investing in a big way again. He's hoping to

eventually pile together \$100,000 and take a dive into the real-world market doing the same types of fast-moving investments in financial stocks.

"I'm much more conservative with real money," he said. "I know I could lose it all, but I've learned a lot about the market in the last few years."

But not everybody is as sanguine about jumping into the market after their online experience.

Terry Conley, a retiree who lives in Georgia, wasn't satisfied with how his mutual funds were performing earlier this year, so he started looking around for some stock investing ideas. He started messing around with virtual stock markets as a way to play out some of his investing ideas. At the site, his portfolio is down 34 percent.

His best position is in Freddie Mac, where he's lost only \$84 of virtual money. His worst pick was [Ambac Financial Group](#), an investment that has lost \$6,450.

[Gordon Gekko](#), he ain't. All told, the "lifetime return" for Conley's fake portfolio is negative 129 percent.

"This has given me an appreciation of the fact that you never know what the market is going to do," he said. "You can do all the research in the world."

At a time when financial advisers are trying to sell their services based on the assertion that they'll be able to help you lose less money than the next guy, that's a lesson Conley learned the cheap way.