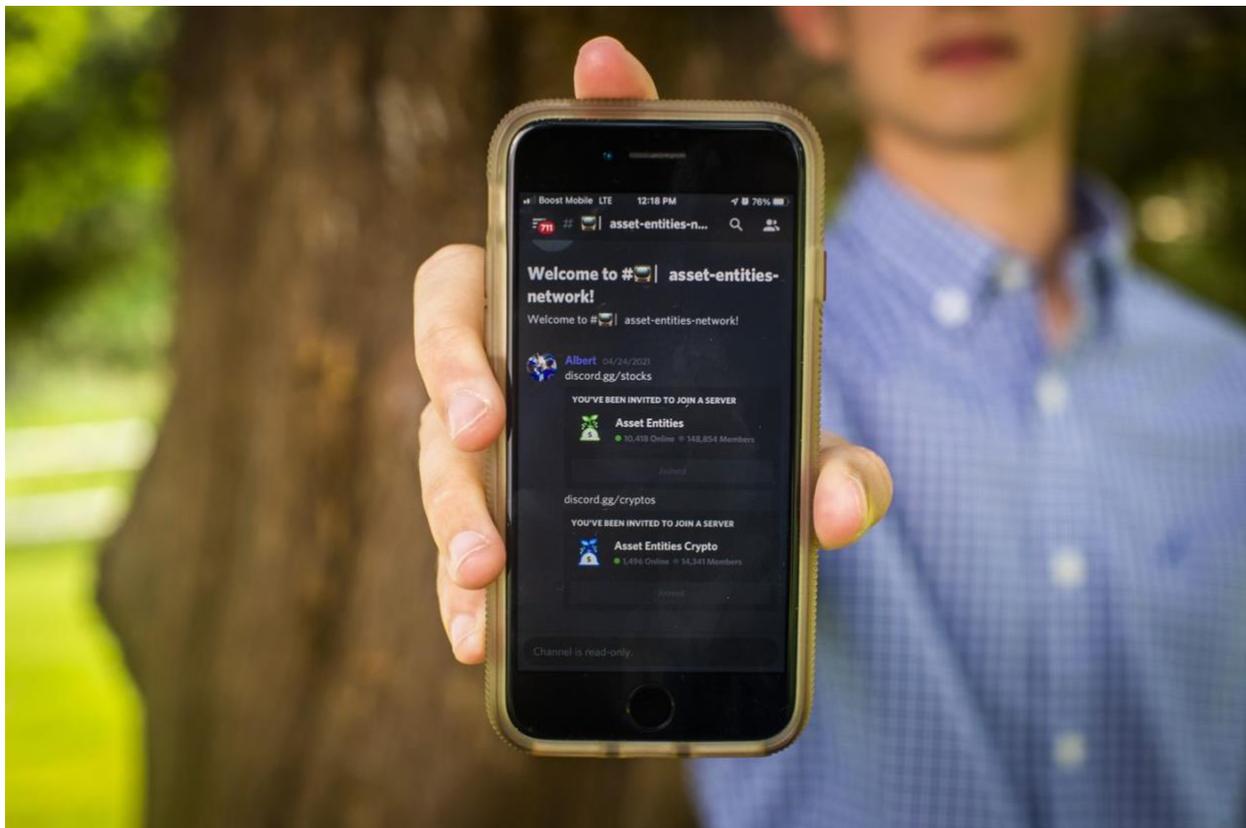


Influencers Are Luring Investors Flummoxed by Meme Stonks and Options

By Misyrlena Egkolfopoulou and Donald Moore
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With the rise of free, fast trading from your phone, demand has surged for information about creating wealth, not just managing it.



Photographer: Adam Glanzman/Bloomberg
Dixon Wixted displays the Asset Entities Discord Server

The U.S. was already doing a poor job of teaching people how to manage their money. Then meme stonks came along.

Now with everyone desperate for financial advice, a deluge of new companies and their influencer leaders are all at your service, fighting to be the first place you turn to chat about stocks, budgets or finances — at times, for a fee.

Jackson Fairbanks, 20, founded Asset Entities in August with his brother and two friends. Over the past year, they say they have attracted more than 150,000 members on the chat app Discord, including a team of over a dozen paid moderators. They try to serve as a clearing house of tips and investment strategies.

“A lot of people join our community looking to get rich quick,” Fairbanks said, noting that the surge in GameStop Corp. and other so-called meme stocks has made many investors think they can find instant returns. “But we always stress that in the stock market nothing is guaranteed.”

For monthly fees of as much as \$50, subscribers can get access to live trading calls, educational courses and chat rooms on stocks and cryptocurrencies.

With the rise of free, fast trading from your phone, demand has surged for information about investing and markets, creating opportunities for a new generation of financial influencers who are rushing to fill the gap in traditional education. And there's no regulation or oversight of the quality of the information being dished out.

The U.S. Securities and Exchange Commission has warned investors about the dangers of putting money into meme stocks based on what they read on social media – specifically flagging the potential for market manipulation online.

Asset Entities tweets stock tips, and posts meme quotes and sweepstakes on Instagram, where its profile includes the disclaimer: *"Nothing here is financial advice" and "purely education & entertainment."*

In the U.S., there is little formal personal-finance education at all. Only seven states require — or are in the process of mandating — a standalone high-school course on the topic, according to the advocacy group Next Gen Personal Finance. Stock-market games are played in some classes or after-school clubs, but for most students, learning about money means learning about topics like budgeting, understanding compound interest or opening a savings account.

In other words, students learn about managing existing wealth rather than actively creating wealth. Until now, that seemed like the right priority, said John Pelletier, director of the Center for Financial Literacy at Champlain College in Vermont.

“We found it didn’t make sense to spend to teach them about investing, because these kids usually don’t have any money,” Pelletier said. “But Robinhood becoming so big is showing us that maybe we do have to teach them.”

But these days, new investors only need \$1 or less to buy fractions of shares or portions of cryptocurrencies through companies like Robinhood, Cash App and others. And with a bit more in their account, people can get access to higher-risk strategies such as margin or option trading. Meanwhile, there's new vocabulary to decipher every day if you want to understand chatter about the markets, from "diamond hands" to NFTs.



Dixon Wixted, 18, from Kingstown, Rhode Island,

Dixon is paying \$25 a month for a lower-level membership on Asset Entities, which he discovered on TikTok. “It’s really valuable information,” Wixton said. “And none of my friends know anything about the stock market.”

For their part, banks tend to reserve advisory services for higher-net-worth individuals, people with enough money to pay plenty of fees. Plus, they aren’t exactly trying to entertain people.

Bolun Li, 22, says he had to sit through a presentation by someone from a bank as a high-school student in Boston. It was so boring, Li recalls, that nothing stuck.

Now at Duke University, Li created an app called Zogo with games that guide people through concepts such as investing and credit. American Express and other financial institutions sponsor rewards for clients who earn credits (“pineapples”) on Zogo that they can use toward Amazon or Starbucks purchases.

It recently added modules for new financial concepts like NFTs, SPACs and cryptocurrencies. Within two weeks, Li needed to update the courses to reflect changing market conditions.

“We can’t keep up, there’s a lot of stuff happening,” Li said.

While people dishing out advice on Snapchat or TikTok are good at capturing people’s attention, there aren’t protections in place to make sure they are giving out good information, said Vanessa King, vice president at Ancora, a financial management firm based in Cleveland. Ideally, she said, people should get advice that is personalized and from an advisory firm with a fiduciary responsibility to their clients.