

**Statement
of
ALYCE WENZEL**

**Before the U.S. Senate
Permanent Subcommittee on Investigations
Hearing On
DAY TRADING: EVERYONE GAMBLES BUT THE HOUSE
February 24, 2000**

Thank you Chairman Collins, Senator Levin, and Members of the Subcommittee. My name is Alyce Wenzel and I appreciate the opportunity to share my story with all of you here today. I do so on behalf of my son, Scott Webb. As many of you know, Scott was a day trader at Momentum Securities in Atlanta, Georgia who was senselessly murdered by Mark Barton on July 29, 1999. The loss of my son continues to haunt me today, and it is still very difficult to talk about the incident and to reflect about him. Particularly troubling though is what I have learned about the world of day trading subsequent to his death. In fact, I wish I knew as much back then about this practice as I do now, because I would have done everything within my power to dissuade him from getting involved in day trading in the first place. My hope is that by communicating the story of my son today, others interested in day trading might better understand the many risks and dangers associated with the industry.

To begin, my son was an extremely bright, enthusiastic, and thoughtful person. He was also a very hard worker. Despite this, he experienced a number of setbacks in the months leading up to 1998. Among them, he lost the job that he loved at Enterprise Rent-a-Car, and then again, he was let go from Dean Witter for not meeting required quotas as a broker. I recall being concerned about his confidence and spirit after these layoffs. Shortly thereafter though, he called me to say that he had found a new way to make a living, day trading. I admit that at the time, I knew little about day trading, but based on how optimistically Scott described the practice, it sounded like a positive step for him. My daughter corroborated his optimism about day trading when she indicated that Scott told her, "I think I have finally found my niche." He informed us that he was going to relocate to Atlanta from St. Louis with a friend and start day trading at a company called Momentum Securities. In preparation for this, he traveled to Tyler, Texas to be trained. While there, Momentum put Scott up in a lavish apartment and as my daughter described, "wined and dined" him. With that, he packed up and moved to Atlanta with the expectation of being a successful day trader.

Not long after he arrived, Scott started having problems. His credit record was poor, a point illustrated by the fact that his father had to co-sign his car loan. He also had very little cash resources so once again, he turned to his father who loaned him \$30,000 for his day trading activities. In addition, Scott did not have any other source of income at the time and this concerned me. Despite all of these factors, Momentum allowed my son to open a day trading account. After his death, I learned that Scott also borrowed \$30,000 from a Momentum customer from Tyler, Texas on the day he opened his account. Unbelievably, he did so at an annual interest rate of 18 percent.

With the capital he was able to scrape together, Scott started trading. Based on what he confided to me, my daughter, and his girlfriend, my son lost money from the beginning. And in addition to the obvious pressures that accompany financial strains, I noticed a very real effect on Scott in general. His girlfriend described him as depressed often about his financial situation. When I spoke with him, he was not himself and appeared to be under extreme pressure and stress. Right before his death, I called Scott to inquire if he was going to attend his cousin's wedding in California. He responded that his financial situation was such that he did not know whether he had the money for a plane ticket to the event.

As I sit here today, I still cannot understand why my son was allowed to trade at Momentum. He made decisions that never should have been presented to him as options for a person in his financial situation. And I firmly believe that he was not adequately prepared for the harsh realities of day trading. I also am surprised that he was hired by Momentum to train other customers. Scott had a gift for working with others, but given the fact that he had not been successful as a day trader, it does not make sense to me that Momentum asked him to show people how to trade. After his death, I was shocked to learn that Scott had tried day trading before he moved to Atlanta, and was not successful. All told, he lost approximately

\$10,000 of borrowed money. Sadly enough, Momentum officials knew this before he opened his account with them, and yet, they still allowed him to trade.

My son was not an appropriate person to be day trading based on his financial situation and background experience. For these reasons, he should never have been at Momentum in the first place. I hope my words provide comfort to all of those who lost family and friends on that awful July day. I also hope that by hearing Scott's story, people will take a closer look at day trading and realize the incredible risks inherent in the practice. By doing so, they might avoid some of the insurmountable pressures my son experienced.

Thank you again for inviting me here today.