

A Curriculum Guide to

***The Short Seller***

By Elissa Brent Weissman

The discussion questions and activities in this guide below correlate to the following English Language Arts and Math Common Core State Standards: (RL.6.4) (RH.6-8.3, 4) (RST.6-8.4, 7) (W.6.1, 1a-c, 2, 2a-d, 7, 8, 9) (6.RP.A.3, 3b, 3c) (6.NS.C.6, 6c) (7.RP.A.2, 2a-d, 3).

**Curricular Connections**

Social Studies / English Language Arts / Math

**About the Author**

Elissa Brent Weissman is not a stock-trading genius, but she is the author of *Nerd Camp*, *Standing for Socks*, and *The Trouble with Mark Hopper*. She lives in Baltimore, Maryland. Visit her online at [ebweissman.com](http://ebweissman.com).

**About the Book**

It all starts when Lindy Sachs is granted one hundred dollars and access to her father's online stock trading account to alleviate her boredom while she's home from school sick. Lindy learns something quickly—she is very, very good at e-trading. Her one hundred dollars soon becomes two hundred dollars. Then four hundred. Then more. With trading talent and access to her parents' savings, the opportunity to make some real dough is too tempting to pass up. In fact, with how well Lindy's own stocks are doing, it would be a disservice to not invest it all. Right? Students will enjoy the humorous, suspenseful ups and downs of Lindy's story while educators can use the book and this guide to direct a variety of classroom discussions and activities for Social Studies (economics, the stock market, the legal system), English (creative writing, research, journalism), and Math (percent, ratio, graphs, and charts).

**Prereading Questions**

1. Before assigning the book, lead a classroom discussion where students share whatever they know about the stock market and how it works. Do any students have parents who work in the financial sector? Have any of them done any online investing?
2. Ask students to keep a list of financial vocabulary words/phrases and their meanings (as gleaned from the story) while they read.

*Suggested Vocabulary*

Diversification

Took a loss

Wall Street

Mutual fund

Day-trading

Closing bell  
After-hours trading  
Stop-loss  
Bonds  
Futures  
Reserve capital  
Capital gains  
Limit order  
Portfolio  
Plunge  
Volatile market

Insider trading  
Illegal short selling  
Temporary insider  
Corporate insider  
Hedge  
Risk  
Cease and desist order  
Margin  
Stockbroker

### **Social Studies Connections**

#### *1. Classroom project: Identify stocks, then track, graph, and predict their performance*

Break the class into four to six small groups and have each group choose a company. First have them research the average annual price of that company's stock for each of the past five years, and for each of the past five months, and have them create a graph of this information. Have the groups share their graphs with the class, and predict what the stock will do over the next five days. Have the groups track their stock daily for the next five days and share their findings with the class.

#### *Helpful websites:*

- <http://www.marketwatch.com/tools/industry/> - *Wall Street Journal* Market Watch. Students can search by industry (left column) to decide which stock (s) to follow.
- <http://finance.yahoo.com/> - Yahoo Finance.
  1. Enter a stock symbol and click "Get Quote."
  2. Click on "Historical Prices" in the left column, to search time frames.
  3. Click on "Profile" in the left column, to see business info.
- <http://money.msn.com/investing/stockscouter-stock-ratings.aspx> - *MSN Money*. Here you can enter a stock symbol and get a stock rating, to help determine risk and return.

#### *Book references:*

In Chapters 2 and 3, Lindy learns how to log on to her father's trading site. In Chapter 5, she learns how to look up a symbol and a quote. In Chapter 11, Lindy and Mr. Margolis have a discussion about predicting the fate of a stock.

#### *2. Classroom project: Virtual stock market trading*

This activity can be done with small groups (as above) or individually. Students can set up a faux trading account and practice researching, choosing, buying, and selling stock and measuring the performance of their portfolio.

#### *Here are two suggested sites:*

- The Stock Market Game, by the Foundation for Investor Education, a nonprofit organization: <http://www.smgww.org/>
- Online virtual stock exchange: <http://www.howthemarketworks.com/>

### *3. Independent project: The power of the press*

In Chapter 16, Lindy reads the news headlines to see if there is any big economic news that might affect the stock market. She also watches TV and reads the newspaper to keep up with trends. Have students find three financial news sites and three newspaper financial sections and read them for a week, then summarize what they've learned: about specific stocks, about the general movement of the market up or down, or about any events that, in their opinion, might affect the market in the future.

### *4. Independent project: The U.S. Securities and Exchange Commission*

Chapters 31–32 and 38–42 give readers an inside look at this important government institution. Have students research and write a report on the SEC, using three library and three Internet sources. Alternatively, you could have students give an oral report.

SEC websites: <http://www.investor.gov> and <http://www.sec.gov>.

#### *Possible directions:*

- History of the SEC
- Important cases
- Acts enforced by the SEC
- Divisions
- Current commissioners

### *5. Independent project: Careers in the financial sector*

One of Lindy's quizzes says that she will become a business tycoon, and after her SEC hearing she considers becoming a securities attorney. Have students research at least six careers and summarize their research, giving an oral report to the class about what they've learned. Research should include:

- Title/description of job
- Pay expectations
- Schooling needed
- Useful skills
- Work environment

---

## **English Connections**

### *1. Classroom project: Elevator pitches*

New companies who are looking for investors often create a brief statement of what their product or service is about. Break the classroom into four to six small groups and have them brainstorm a new product or service. After deciding, they will craft an "elevator pitch" and then present it to the class. Lead a discussion about the pitches. Do students think any of the groups had a good idea? If so, would any of the students invest in the new venture?

### *2. Independent project: The power of the press, part 2*

During Lindy’s hearing, and after it is over, reporters are eager to interview her about her very unique case. Have students write a newspaper article about Lindy’s experience, including a “mock” interview with Lindy, her sister Tracy, and/or her parents.

*3. Independent project: From zero to zillionaire*

Using Lindy’s experience in the book as a guide, have students delineate the steps they would take in order to begin (and continue) as an online trader. Have them write up these steps as a mock “how-to” online article. Alternatively, they could craft a script for an online “how-to” video, and for extra credit, they could actually record the video.

*4. Independent project: Attorney’s argument*

In Chapter 40 of the book, Ms. Hawthorne presents an argument to the SEC on behalf of Lindy and her dad. Have students take the brief description of what Ms. Hawthorne says and expand on it, writing their own detailed argument on Lindy’s behalf. Have them present the argument to the class.

*5. Independent project: Are you an active or a passive investor?*

In Chapter 5, Lindy and her dad have a discussion about short-term investing, with lots of risk, versus long-term investing, with less risk. After researching the difference between active and passive investors, have students write a summary of both and then decide which type of investor they would be. Have them argue their case for why theirs is the best choice.

*6. Independent project: Author word play*

The author of *The Short Seller* decided to give the book’s chapters names that are stock-trading terms—but she also chose names that have another, more literal meaning that applies to something that happened in that chapter. For example, Chapter 18 is called “Margin Emergency,” and in that chapter, Lindy starts trading on margin—but she also finds the conversation between Steph and Howe in the *margin* of Steph’s class notes. Have students choose five chapters and identify the multiple meanings of their names.

---

## **Math Connections**

*1. Independent project: Create a word problem*

In Chapters 25 and 32 Lindy, her family, and Ms. Hawthorne all discuss the concept of short selling. Ask students to reread these sections and then craft a word problem that mathematically illustrates short selling.

*2. Independent project: The ups and downs of percentage*

One of Lindy’s first stock purchases is FGY. She buys some at \$3.15/share and then she falls asleep. By the time she wakes up, FGY’s price is \$4.09. What percent increase was this? Find the percentage of increase or decrease for these stocks:

LUV

Purchase price = \$12.19, Current price = \$15.43

WOOF

Purchase price = \$27.55, Current price = \$22.32

NOK

Purchase price = \$7.76, Current price = \$3.34

CAKE

Purchase price = \$37.67, Current price = \$52.87

### *3. Independent project: Charting the path of Dream Dry*

In Chapter 12, Lindy is researching the market and refers to line charts, bar charts, and candlestick charts. Have students research all three, and then have them create a simple line chart/graph of the change in price for DDRY (Dream Dry) stock between when Lindy decides to put in her short order and when she sells the stock. Have them use the data below, plotting time (days of the week) on the horizontal (x-axis) and price on the vertical (y-axis).

Day 1 price: \$51.73 (Lindy puts in her order)

Day 2 price: \$47.12 (the price drops but not yet due to any big news)

Day 3 price: \$32.32 (the price really begins to drop after the salon owner is interviewed)

Day 4 price: \$19.50 (when Lindy sells)

### *4. Independent project: Rate of return*

Have students calculate Lindy's rate of return on DDRY (Dream Dry) if the blow-dryer had performed as promised and brought success to the company. If Lindy bought DDRY at \$51.73, and then the price rose to \$75.61, what would her rate of return be? Steps:

1. Subtract 51.73 from 75.61
2. Divide the answer by \$51.73
3. Multiply by 100.

---

## **Postreading Class Discussion**

1. Ask students to refer to their vocabulary lists. Are there words that students don't fully understand? Was it easy to understand the basics of the stock market as experienced by Lindy? Make a classroom chart of words that require further definition and study these before moving on. Online help is available at:

Yahoo Financial Glossary: <http://biz.yahoo.com/f/g/>

Investopedia Stock Dictionary: <http://www.investopedia.com/dictionary>

2. Lindy "lucks out" with Tracy's inside information about Dream Dry. Since it's helpful in trading to make educated guesses, do students think they know what the next big thing is? Would they be willing to invest their money based on their hunches?

3. In Chapter 39, readers find out a lot of information about the Securities and Exchange Commission. Do students agree with the need for the Commission, or do they believe investors should use any advantage they can find? Do they agree with the law that it's wrong to use inside knowledge to make money?

4. Lindy's tutor, Mr. Margolis, tells her that playing the stock market is like gambling. Do students agree? If so, have them discuss why gambling is seen as a vice while investing in the

stock market is a legitimate activity and career.

---

### **Additional Standards**

**In addition to the Common Core State Standards listed at the beginning, this guide also aligns to the below social studies themes as set out in the National Curriculum Standards for Social Studies, from the National Council for the Social Studies.**

*Social studies programs should include experiences that provide for the study of:*

- *Interactions among individuals, groups, and institutions.*
- *How people create, interact with, and change structures of power, authority, and governance.*
- *How people organize for the production, distribution, and consumption of goods and services.*
- *Relationships among science, technology, and society.*
- *Global connections and interdependence.*

This guide also aligns to the below standards from the **Voluntary National Content Standards in Economics**, from the Council for Economic Education, providing a framework and benchmarks for teaching economics to K-12 students.

Standard 2: Decision Making

Standard 7: Markets & Prices

Standard 8: Role of Prices

Standard 9: Competition and Market Structure

Standard 10: Institutions

Standard 11: Money and Inflation

Standard 12: Interest Rates

Standard 15: Economic Growth

Standard 16: Role of Government Market Failure

This guide aligns to Standard V: Financial Investing, from the National Standards for Financial Literacy. <http://www.councilforeconed.org/resource/national-standards-for-financial-literacy/>

*Guide written in 2013 by We Love Children's Books.*

*This guide, written to align with the Common Core State Standards ([www.corestandards.org](http://www.corestandards.org)) has been provided by Simon & Schuster for classroom, library, and reading group use. It may be reproduced in its entirety or excerpted for these purposes.*