MARKET MANIPULATION VIA INTERNET MESSAGE BOARDS

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Before an investor jumps on what they think is the rocket stock of the year, they should be wary of any inexplicable surges in stock price and volume. With the absence of any relevant news, it is likely that a stock manipulator is at play. The value of the stock, which is usually composed of genuine market demand and supply, is overlooked when the release of false or misleading information influences investor trading. Market manipulators have used message boards as the prime medium for spreading false or misleading information. This paper is intended to evaluate the mindset behind real-life message board users. A survey was conducted online and made available to Yahoo! message board users to find out various information, such as why people use the message boards, how reliable they find the information, and even how likely they are to exploit message board postings to their own advantage in the stock market. As indicated by this research, it is rare that messages left on the message boards are intended to influence other investors, but it does happen. Investors using the message boards need to review such information with skepticism.