

Money Tales: Shark Scam

By: Sheila Bair

Description: A giant tortoise learns that if something sounds too good to be true, it usually is. Whitey and Cahoots, two sharks, convince giant tortoise Arlene to invest in their sure-fire, money-making scheme. Arlene takes the bait. So do all her friends, and they discover the hard way what a Ponzi scheme is.



Grade(s): 3-5
minutes

Time: 30- 40

Subjects: economics, reading, personal finance, mathematics

Concepts:

- **Goods-** Objects that satisfy people's wants.
- **Services-** Activities people do for us.
- **Money-** Anything widely accepted in exchange for goods and services.
- **Financial Investments:** Placing money in a savings account or in any number of financial assets, such as stocks, bonds, or mutual funds, with the intention of making a financial gain.

Objectives:

- The student will participate in a teacher directed lesson based on a children's book.
- The student will understand the importance of investigating before investing.
- The student will understand the terms money, scam, and Ponzi Scheme.

Vocabulary:

- **Scam:** is a crime in which someone tricks somebody else to get unfair or unlawful gain.
- **Invest:** an action you take with your money to make it grow.
- **Ponzi Scheme:** Ponzi scheme organizers often promise to invest your money and generate high returns with little or no risk. But in many Ponzi schemes, the fraudsters do not invest the money. *(save this card for the very end of the book)*

Materials:

- *Shark Scam* by Sheila Bair
- Business Cards (set of 6)
- Vocabulary Cards: scam, invest, Ponzi Scheme

- Sardine Cards

Procedure:

Activity Prior to Reading

1. Ask the students if they know what a business is. (*Allow students to describe what a business is to them*)
2. Describe a business to the students. "A business supplies goods or services for money. A successful business makes profit when it brings in more money than it spends. Businesses can be owned by individuals or groups of individuals."
3. Ask students, "Have you ever wanted to start your own business?" What type of business have you wanted to start? Have several students describe their business ideas. (*Make a list of business ideas so that all students can see the list*)
4. Explain that sometimes when a person wants to start a business, they have to have someone who will help pay for their business. This person would be making a financial investment. A financial investment is when a person places money in a savings account or in any number of financial assets, such as stocks, bonds, or mutual funds, with the intention of making a financial gain.
5. Describe the activity.
 - "In our book, there will be several business ideas that two sharks will want several other sea animals to invest in. The sharks use sardines as money."
 - **Money** is anything widely accepted in exchange for goods and services.
6. Explain to the students that you are going to read several business ideas from today's book and that they will have the opportunity to determine which idea they would consider investing in.
7. Show Vocabulary Card 2 (invest). Read the word, "invest" Ask, "What does it mean to invest?" read the definition, "*an action you take with your money to make it grow.*"
8. Distribute a paper sardine to each student. Have the students place a "sardine" (money) on the business idea that they would want to invest in after you have read each business card.

*Teacher Notes:

- There are 6 business cards. Each card has a business name, business pitch and an invest option.
 - Students will need to choose a business that they want to invest in by placing their sardine on the business card.
 - On each business card, sardines refers to money.
9. After students have placed their sardines on the business plan they would invest in, have the students discuss why they chose that option. As a class, look at the favorite option versus the least favorite option. Why do the students feel one option is better over the other? (*Allow for plenty of discussion on the topic. Students may*

describe that one is more of a risk than another or that one is too much money to invest).

10. Show Vocabulary Card 1 (scam). Read the word, *scam*. Ask, "What is a scam?" read the definition, *a scam is crime in which someone tricks somebody else to get unfair or unlawful gain.*
11. Show the cover of the book. *What word do you see in our title? (students should respond with the word scam).* This book is about two sharks that have business ideas, but they are scamming several of the sea animals into investing in their make believe companies.

Read *Shark Scam* by Sheila Bair

During Reading Discussion Questions:

1. What did Cahoot and Whitey do with the money received from Arlene the turtle? *(they went on a spending spree)*
 2. Why did Cahoot and Whitey need to continue to create a new scams? *(they needed to pay back the other animals who invested their sardines)*
 3. What are the reasons why Bess was not scammed? *(she asked questions, wanted to see records, investigated)*
 4. What is this type of scam called? *(a Ponzi Scheme)*
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12. On the last page of the book, Bess is helping the other sea animals understand a Ponzi Scheme. Show Vocabulary Card 3 (Ponzi Scheme). Read the word, *Ponzi Scheme*. Ask, "What is a Ponzi Scheme?" *(allow for students to answer)* Read the definition, *Ponzi scheme organizers often promise to invest your money and generate high returns with little or no risk. But in many Ponzi schemes, the fraudsters do not invest the money.*
 13. The statement "If it's too good to be true it probably is." -What does this statement mean? How does it relate to the book?