

News from CFALA

For Immediate Release

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Are Market Bubbles Born in Investors' Brains? Join CFALA for Some Timely Comments from Prof. Paul Zak

LOS ANGELES – Although the collapse of the financial markets has policymakers calling for increased regulation, could they be looking in the wrong place? Please join CFALA as our guest when Paul Zak, PhD and founding Director of the Center for Neuroeconomics Studies at Claremont Graduate University, examines whether asset price bubbles are rooted in physiological factors in investors' brains.

Credited with the first published use of the term "neuroeconomics," Prof. Zak supervised research that found an ancient chemical in our brains, oxytocin, is a key element affecting feelings of empathy, love, and more to the immediate point – trust. Subjects with higher levels of oxytocin, which can be induced by a variety of causes, are more likely to trust those they do not know well personally.

Prof. Zak's presentation, "Brains and Bubbles," will cover two leading theories of bubble formation – irrational exuberance and inexperience – and discuss lab findings that a lack of learning is a potent cause of market bubbles. He also will examine the implications of his ground-breaking research for investors.

Author of the book "Moral Markets: The Critical Role of Values in the Economy," Prof. Zak has been a vanguard in this new discipline that integrates neuroscience and economics. He organized and administers the world's first doctoral program in neuroeconomics, at Claremont Graduate University

The lunch presentation is scheduled from noon to 1:30 pm on Thursday, Sept. 16 at Omni Los Angeles Hotel, 251 South Olive St., For directions, call the Omni at (213) 617-3300. For more information, please contact either Steve Sapra, CFA, at (626-497-8434 or steve.sapra@gmail.com), or Dan Pomerantz, CFA, at (310-824-8217 or dp56@ntrs.com), who are the co-chairs of CFALA's Applied Behavioral Finance Group.

If you are interested in an interview with Prof. Zak, please contact Steve Fox at (805) 647-8225 or steve@silverfoxco.com.

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