

his bills. He still can't. The reason? He overspends. Now that he earns more than \$2 million a year, he overspends on a bigger scale, but the madness is the same: Spend, spend, spend till you're strapped for cash.

I have a client who asked me to double his wealth because he was certain that such a level of wealth would free him from worry and allow him to be happy five years later. I doubled his wealth; he was still worried, still unhappy. "Maybe we could just double it again," he said to me; *then* he'd feel free and be happy.

At a workshop I conducted in Los Angeles in the spring of 2007, just after I announced to the audience of 400 people that it was now "time for everybody to take a good, hard look at the numbers of your own finances," I noticed a commotion in the back of the crowd. A woman was literally having trouble breathing, and a couple of folks nearby were helping her. Even for Southern California, where hyperventilating is practically a way of life, this kind of reaction to the mere idea of confronting your money reality is clearly a kind of madness.

I know a retired single mother of three grown children—all of them highly educated, none of them evidently able to succeed at a job. She has continued to give her kids money until she has little left to support herself in what has become a pretty pinched retirement and what is looking like it's going to be a pretty distressing old age. Think of it as a triple madness—her own self-neglect, supporting her children in their failure rather than helping them succeed, and giving money to gain love.

What's the most famous and fundamental rule of investing? Everyone knows the answer to this: It's to buy low and sell high. In fact, that's the whole point of investing: You buy stock in a company you think shows promise when the price is relatively low. As the company grows and profits, the stock price rises. That's when you sell and pocket the gain—presumably, to reinvest in another low-priced, promising investment. Simple. And, as I say, everyone knows it.

Except, it would seem, the level-headed investment professionals on Wall Street: They routinely violate this famous, fundamental, totally simple rule of investing. As I write this, the stock market is plummeting in value—thanks to continued bleeding from the sub-

prime credit crisis that began in 2007—and investors are selling as fast as they can. Many of those taking their money out of stocks are putting it into gold instead—at the exact moment that the price of gold has hit an all-time high. In other words, they're selling at the bottom and buying at the top of the market—the very opposite of the fundamental investment rule. And this is hardly the first time the pros have acted contrary to their own advice.

Remember the stock market's boom-boom era in the 1990s? That's when Wall Street's wizards climbed onto the technology-stock bandwagon as prices were *rising*, then sold in a panic when the bubble burst in 2000 and prices plunged.

They did the same thing after the terrorist attacks of September 11, 2001, when even the savviest investors sold stocks in huge volumes as fast as they could. The U.S. stock market has trended upward consistently for two centuries despite every form of calamity—civil war, two world wars, panics and recessions and inflations, natural disasters, and even a couple of market crashes. That's history; it is fact; it is there for all to know. Yet when this same stock market reopened the week after 9/11, investors lost their beautifully tailored Savile Row shirts as they sold stocks in a frenzy. Why?

Money madness. History, experience, the facts on the ground all said: Don't sell. The investors did the opposite. It was as if a money monster had them by the throat. The very same money monster who is right now prompting investors to sell stocks at the bottom of the market so they can buy gold at the top of the market, thus squeezing their money two ways. The same money monster who intimidated the Wall Street wizards of the 1990s into buying tech stocks as the price was heading up—lest they fail to ride the rising tide—then frightened them into selling as the stock price plunged—lest they get pummeled in the subsequent downturn. As a result, then as now, the Wall Streeters did both—missed the boom and got caught in the bust.

I've been there. I've felt the adrenaline rush of an up day in the market, the dismal depression of a down day. I have my own money monster driving me to acts of money madness. It put me through years of lunatic money behavior—behavior that, as you'll read,

was always foolish, mostly counterproductive, often self-destructive, and on at least one occasion even dangerous. In fact, the money madness it put me through would be downright funny if it weren't so serious.

For make no mistake: Money madness is as bad for our bodies and souls as for our bank accounts and income. It saps our energy and our health, limits our lives, can wreak havoc with our relationships, diminishes our peace of mind, prevents us from enjoying the money we have, and stops us from making more money.

The consequences of money madness are not just harmful, they're painful. Somewhere under that madness, there's a wound that keeps bleeding—as you'll discover in exploring your own money madness. Even the slightest nudge can open the wound, and it hurts.

How much? Have a look at Tony and Ted, old friends who met on the street, hadn't seen one another in a while, and decided to go have coffee and a chat to get caught up. Tony's cinnamon spice mocha took less time to prepare than Ted's half-caf toffee nut latte, so Tony waved to Ted from the cash register and gestured that he was paying for both coffees.

It was a knife in the heart to Ted. First, he sank into shame—Is Tony paying because he thinks I can't afford this? Then he felt suspicion—Is he trying to get something from me? And finally he moved on to resentment—Do I have to pay for him next time? And what if next time isn't coffee but lunch or dinner? It's not fair!

That is a high emotional toll to pay for someone buying you an overpriced cup of coffee. But it is the kind of pain money madness can inflict.

Perhaps most ironically, the money monster excels at helping us lose money; its promises are hollow. The stock tip doesn't make us rich overnight, going in on the time-share requires paperwork and maintenance and attention and empties our wallet, and the thrill we get from buying the 42-inch high-def TV doesn't last. One ball game and we're yearning for the 46-inch screen, or the 52-inch screen, or the 65-inch screen.