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# The Effect of Stock Spam on Financial Markets

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## Abstract


Spam messages are ubiquitous and extensive interdisciplinary research has tried to come up with effective countermeasures. However, little is known about the response to unsolicited e-mail, partly because spammers do not disclose sales figures. This paper correlates incoming spam messages that promote the investment in particular equity securities with financial market data. We use multivariate regression models to measure the impact of stock spam on traded volume and conduct an event study to find effects on market valuation. In both cases we have found evidence for significant reactions to spam campaigns in the short run. Theoretical and practical implications of the findings are addressed.

**Keywords:** Stock Spam, Event Study, OTC, Unsolicited Bulk E-Mail, Economics of Information Security

**JEL Classification:** G14, D84, M30, C88

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