

1

@Qullamaggie : Shorting Extreme momentum stock with questionable story (hype and pump stocks)

Note: @Qullamaggie shared this strategy this month. It is a short strategy for pump and dump stocks. Below are main points from his posts. In order to trade this focus on stocks up 300% in a month or more with unsustainable story.

@thermos I would not consider myself an expert but here is a huge edge in the hype/pump stocks that run up 300-500-1000%+ and then you short on day 3-4. DGLY PLUG APT LAKE MDBX VSR GENE etc etc. One can scale in into strength on day 3-4 or wait for lower highs to confirm. Usually there are 2-5 big ones/year and I have been trading this strategy for 3years. Key to these are DON'T be too early, never short on day 1 or 2 no matter how big the stock has run. Most times on day 3-4 the win rate is about 80-90%. Every time the stock goes sideways 2 days or more the counter resets. See DGLY, ISNS, MDBX why. It's a very high octane strategy and not for everyone. I have seen lots of people blow up this way because they were too early and then got stubborn. Also 90% of these stocks are going to be hard to borrow so you better have a good broker not that ameritrade etrade crap.

Usually hard to get a 5:1 risk/reward with this strategy but 1:1-1:3 is fine since you are going for accuracy.

Also to add, sometimes when the stock is on a secondary run shorting on day 2 can be okay, example ISNS BLDP. Okay I just gave away my most profitable strategy.

If anyone is interested I can explain some more rules etc. Hopefully it was of value to some people.

2

Okay so a bit of background. When I realized there was an edge in this kind of trades I needed to confirm that so I went through every chart in the U.S. on the monthly timeframe in TC2000 and looked for these kinds of movers 10-15 years back. Then I used eSignal to get the daily and intraday charts and Briefing.com to get the news of what was the catalyst/reason for that kind of a move. (I have also done this research on every EP that had follow through the past 10-15 years and I encourage everyone do do this to gain conviction/confidence in these kinds of strategies).

Anyways even though there are LOTS of stock every year that have big 1and 2 day runs (up several 100%) that are up on pure hype or outright pumps and then fade 50-70%+ my findings were that it only took one stock that kept going and going and going to take you out of the

game for good. I looked at how many % the different stocks went up on day 1, 2, 3, 4 etc, what kind of patterns were on the 30 minute chart etc. Some stocks put in incredible tight ranges on their topping day and then have huge mid/late day fades and on these you can actually get 1:5 and 1:10 kind of risk/reward (example PLUG 11 March 2014). So day 3-4 it is and there are not going to be that many/year. The absolute most important thing with this kind of strategy is to STAY SAFE! Also on day 3-4 I many times short partials into strength and scale in until lower highs have been set and it is very important to get outta the f*ing way if the stock holds up and takes out highs after 1.-1.5 hours after market open. See DGLY intraday on that big\$20-33 day for an example why it is important.

I have a database in Evernote with around 2000 stocks and over 10,000 charts annotated with news and notes with earnings #'s etc on this shorting strategy and EP and basically every stock that has had a big run the past 15 years. I think everyone should do this for the EP strategy at least.

3

Anyways I'm not an expert in any way but the past 3 years I have run up a\$10K account to mid 6-figures for what it is worth. So not anywhere closeto the supertrader "96-million dollar man". I just want to reveal how much work I have put into this to be profitable and I think my results are pretty damn good so far.

Also I want to once again remind that the shorting strategy is mainly for hype/pump stocks not for the co. that cures cancer and that makes the biggest move ever and you blow up :)

Thank you I hope it was helpful to someone. Also I want to point out that my results are mainly from my shorting strategy so far and I just recently started studying EP seriously.

@7 I just gave away my whole main moneymaking strategy. Don't know what I missed besides mentioning cover partials every ~10% down since you never know if the stock is going to turn around and have a secondary run and stop you out wishing you had covered more. But don't take my word for anything I said, do the kind of study yourself as I did and create a specific setup where you have an edge an conviction (confidence).

4



VLTC I am short, stock is up 1000% in 2 weeks because Icahn averaged down on a losing position (symbol then MOTR) he had since 2008. Here is a video saying his son talked him into this investment and he doesn't appear very excited about it: <https://vid.me/PpnM> Also there was a Seeking Alpha speculating VLTC as a buyout target and some ridiculous claims that the author admitted overstating in the comments himself. The stock has rotated its float several times/day for 2 weeks, every long in this(except Icahn) have probably a \$8+ average and once they see red in their account things will get interesting :) I think a 30-50%+ fade possible from here within 2 weeks. With all this being said my stop is \$9.50 and my average is \$9.05 and I have 20% of my account short. And yes I am aware this thing COULD gap up 100% on Monday in a black swan scenario and it would put me in a drawdown not a blow up.

@7 Maybe I'll post some chart example that I've traded over the weekend, I am too tired now it's 10:15 PM in Sweden. @thor I use Centerpoint, and get the borrows via Quantex. I also use IB.

5

What you can do if you see a stock up 2-3 days in a row and think it can be potentially the short of the year but afraid there won't be shares the next day to short, you can box the shares if you have 2 different brokers.

VLTC if you scroll on the daily chart and look at it day for day in your charting platforms it will look very extended already at \$6 and I know for a fact lots of people short these things just

because "they are up a lot on nothing" and they don't really believe it can go up another 50-100%+ very fast. This is why a specific setup with rules is so important. I did short it on April 10 (2nd day is okay to short on a secondary run, as I mentioned in my rules earlier) and stopped out for a small loss (2% of my account) 2days later when the highs were taken out. I reshorted April 15 (2nd upday on a tertiary run) and have scaled in on pops yesterday and today (I was also very close getting stopped out today) but the stock closed weak and put in a wick. Also every times you get stopped out and the stock goes 50-100% higher and you get another setup you can do more size since the risk/reward and odds of success have improved

Also I need to mention this, I have seen a lot of short traders come and go. Sometimes you don't get these big multi day/multi week movers for many months and when they come it catches people off guard, they have been conditioned to short the stocks that fade on the 1st or 2nd day. This is where my edge comes in, where all shorts are exhausted and covering after an incredible run that caught so many off guard. For example GENE back in early February JPM bought a passive stake in GENE after the stock ran 200% "JPM entered into agreements with clients for control of the stock and is holding this stock in Prime Broking accounts to lend for traders who want to short the stock." Then the stock broke the \$4.70 flag and went up another 150%+ in a few days. So there was a lot of smart short underwater when I shorted and it's these kinds of scenarios I look for. There are not many in a year but it's a huge edge. I can add GENE was a pure pump with lots of shady stuff going on, that's why smart JPM

6

clients wanted to short. And they had to hold through that and wait for a month to get back break even. GENE was my 2nd biggest trade I can add

@tpz yes I had high expectations for CHOP it's a Chinese steel company, pure crappola as the multi year chart will tell you, basically they bought a porcelain collection last year for all their money for \$234M they claim to be worth \$1B -you can't make this up LOL-. Anyways I was hoping it would have follow through today to get good entries but instead it gapped down and I left it alone.

@thermos There is no "upper limit", it's all about the catalyst and the setup. @ju474 I use IB too but mostly for longs as their short list is not that good. Define "high cost". Centerpoint is one of the very few places where a retail guy like me can short the hard to borrow uber-turds and I have made good money on ISNS DGLY PLUG APT LAKE VSR GENE etc etc shorts thanks to that. Also Centerpoint has the absolutely best customer service for a broker I have ever encountered and I've used close to 10 different ones since I started. So if anything they are CHEAP compared to what I get.

Just get TC2000, briefing.com and eSignal (or any other kind of service that gives you the same thing) and do the kind of research I did and before you know it you might find yourself standing on 2 legs armed with a new setup (might be shorting turds, might be EP or whatever). Yes there are services out there "teaching" similar thing but no need to pay 1000's of dollars. (Except for this site of course but don't tell Pradeep it's cheap here :))

My edge comes in when a stock gets to a point no one ever thought possible and then more, for example on day 3-4 of the first up leg of a 300-500-1000%+ run or day 2-3 on a secondary or tertiary run. Today is day 2 of a (whatever the word is for what comes after tertiary LOL) run