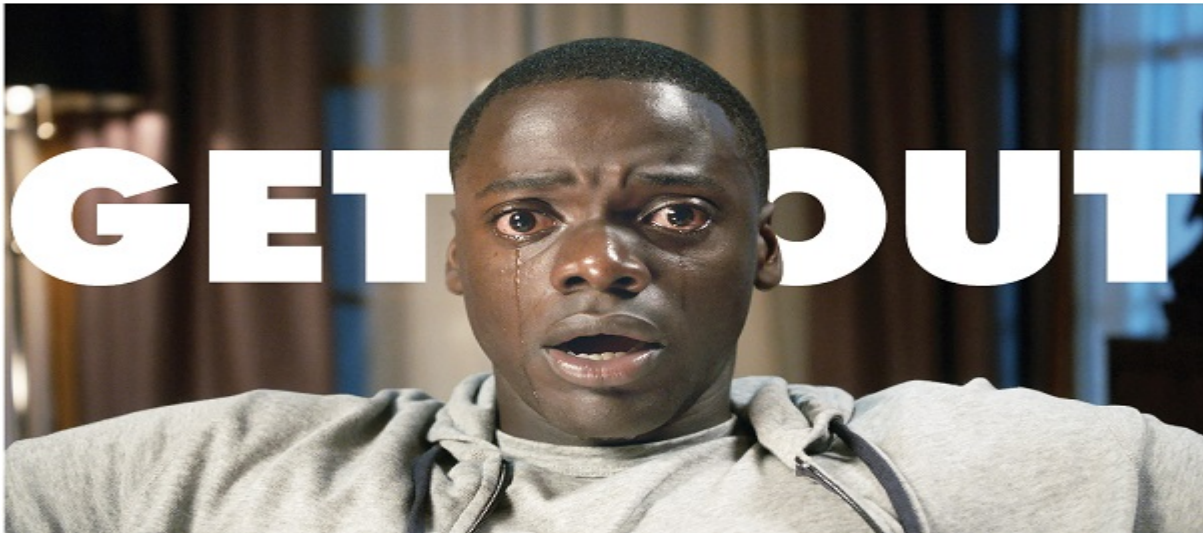


Get Out



When Shake and myself were young pikers on our first trading desk (The Mook Desk), we thought we were trading savages scalping names like AXP and BAC for \$.48 cent rips on \$.10 risk. Yet if we had to explain our trade showing a daily chart the moves were so inconsequential they were more luck than anything else. We were tasked daily after the close to do a trade review on every single trade we put on. Every buy, every sell, every decision why, etc. Mind you, we would sometimes trade 10-20 names a day and there were over a dozen traders on the Mook desk. Aka it took a long fucking time.

Positions								
Symbol	Cost Basis	Position	+/- Pos	% Chang...	CB Op...	Traded	Estimated Net ...	
TWTR	.00	0	0.00	+0.00%	0.00	800	+200.10	
JD	.00	0	0.00	+0.00%	0.00	400	+126.80	
WUBA	.00	0	0.00	+0.00%	0.00	800	+125.70	
SPY	.00	0	0.00	+0.00%	0.00	400	+81.80	
GPRO	.00	0	0.00	+0.00%	0.00	2,200	+72.65	
FB	.00	0	0.00	+0.00%	0.00	1,400	+52.80	
SERV	.00	0	0.00	+0.00%	0.00	1,200	+34.30	
FSLR	.00	0	0.00	+0.00%	0.00	400	+29.35	
MSFT	.00	0	0.00	+0.00%	0.00	1,200	+22.50	
CSIQ	.00	0	0.00	+0.00%	0.00	600	-22.80	
GILD	.00	0	0.00	+0.00%	0.00	400	-34.86	
WB	.00	0	0.00	+0.00%	0.00	400	-35.20	
HD	.00	0	0.00	+0.00%	0.00	600	-52.80	
REGN	.00	0	0.00	+0.00%	0.00	200	-60.60	

If you've ever felt embarrassed in our group chat about bringing up an idea and being unprepared to answer questions about your own idea. Then imagine being in a room full of professional traders with buying power exceeding \$2,000,000,000 (\$2 Billion with a B) and

having to explain how you fucked up a blue sky breakout through a major weekly level where everyone made money in the name, except you. Better brush up on your public speaking skills.

This daily process was mental bootcamp at it's finest and it would take a long fucking time to complete said painful ritual. Ding ding ding, the 4 o'clock bell would ring and you could hear the overall relief across the trading floor as everyone could now relax, take their hands off the keys and walk around and act like a human again.

Positions								
Symbol	Cost Basis	Position	+/- Pos	% Chang...	CB Op...	Traded	Estimated Net ...	
TRV	.00	0	0.00	+0.00%	0.00	1,600	+192.24	
SLB	.00	0	0.00	+0.00%	0.00	400	+110.80	
ALLY	.00	0	0.00	+0.00%	0.00	600	-1.80	
SQBK	.00	0	0.00	+0.00%	0.00	400	-13.20	
XONE	.00	0	0.00	+0.00%	0.00	400	-14.69	
TRUE	.00	0	0.00	+0.00%	0.00	200	-15.60	
KITE	.00	0	0.00	+0.00%	0.00	200	-26.85	
PSG	.00	0	0.00	+0.00%	0.00	400	-40.80	
VXX	.00	0	0.00	+0.00%	0.00	400	-53.20	
XOM	.00	0	0.00	+0.00%	0.00	800	-72.40	
ECR	.00	0	0.00	+0.00%	0.00	3,200	-336.50	

For the BSDs their day was pretty much over, some would hang around and help more junior traders but they were more or less mentally clocked out for the day. For us pikers our day was far from over, mind you my day would start at 4am waiting for the bus to take me into NYC. Some 12 hours later the finish line for the day was still nowhere in sight, not to mention the 2+ hour long commute that followed where in the winter the subways would be bone chillingly cold (with no cell service) and in the summers hot enough that it felt like you were in the sauna at your local gym.



For us pikers on the rookie desk, we had all of 5 minutes to get up and move around before we had to be back to do our trade review. At the time, we all hated the trade review as most of the new members we add to our Getting Started chat quickly try to fight us on their dog shit trade ideas. The irony, is that now we are on the other side of this discussion listening to insane trade ideas on a daily basis. Finally we understand why Chaz (our boss) was so willing to listen to our dumbass trades after the close each day when he could have been home banging his russian model gf. Our information was extremely valuable in the simple sense of what stocks to get theeeee fuck away from.

Positions							
Symbol	Cost Basis	Position	+/- Pos	% Change ...	CB Op...	Traded	Estimated Net ...
TWTR	.00	0	0.00	+0.00%	0.00	600	-25.80
GTAT	.00	0	0.00	+0.00%	0.00	600	-37.05
AZN	.00	0	0.00	+0.00%	0.00	400	-39.70
TEDU	.00	0	0.00	+0.00%	0.00	600	-45.80
IBB	.00	0	0.00	+0.00%	0.00	200	-46.60
DIS	.00	0	0.00	+0.00%	0.00	800	-48.35
JD	.00	0	0.00	+0.00%	0.00	400	-51.20
QUNR	.00	0	0.00	+0.00%	0.00	600	-69.80

(If only I did the exact opposite that day...Odd Lot)

The reason why we hated the process was because we had to be extremely open and honest in front of not only our boss, who would fire a trader if they arrived after 7:01 am (hence why I took the 4:05 am bus to get to the desk by 6:30 am). We had to do this on a huge 100 inch flat screen that anyone on the floor could see. Day in and day out you had to broadcast your daily failures on what looked like a fucking jumbotron with your executions for everyone to see.



Shorting a bull flag, what an idiot! Good thing I odd lotted myself and bought the afternoon breakout!

Positions 2								
Symbol	Cost Basis	Position	+/- Pos	% Cha...	CB Open P&L	Traded	Estimated Net ...	
GILD	.00	0	0.00	+0.00%	0.00	1,000	+444.10	
BABA	.00	0	0.00	+0.00%	0.00	600	+104.50	
LAKE	.00	0	0.00	+0.00%	0.00	200	-13.60	
WBAI	.00	0	0.00	+0.00%	0.00	600	-53.25	
SPY	.00	0	0.00	+0.00%	0.00	1,000	-55.49	

For the cocky traders, this task quickly chopped everyone down to size. Men lie, women lie, charts don't and those big red and green dots showing your executions told the entire story. A good rule of thumb to size up another trader is by the emotions they use in how they explain a trade (good or bad), those who would use a lot of emotion and brass tend to be shitty traders and our desk was full of them.



"I bought then sold, then bought back and sold more, than bought back and sold more, than got short and got stopped out, than got long and got shaken out and went red in the name"

8 hours of my day was spent on high pressure day trading while running on 4 hours of sleep, coupled with running two of my own businesses on the side that I would run during the afternoon when the market slowed and my boss wasn't peeking at my monitors (I always made

it a point to sit where my monitors were facing away from my boss so I could do my other work). When I would get home I would often finish around midnight so I could get exactly 240 minutes of sleep before starting the process back again.

It was now 4:05pm and the trade review was about to begin. My game plan was simple: I would aim to go second during the review then fall back out of Chaz's eye sight (my boss) where I would drift in and out of consciousness (I would fall asleep, is the picture I'm trying to paint for you). Time is money? During that time, sleep was a currency that I was overdrafting from my account day in and day out in.

It was not that the information wasn't informative because it was, especially when our desk manager would rip into us for a shitty trade. However for 95% of the trades we went over, they were all the same dumb shit.

No gameplan, shit 2-1 risk reward, not booking profits on the rips, holding winners back to losers, adding to failing trades, getting rid of winners, not swinging, and the biggest culprit was the time frame we looked at. We lived for the 5min charts, yet would never look at the dailys. The Big Dogs all did the exact opposite and we naively couldn't understand why. Each and everyone's trades, were 95% the same, all around dog shit, and same goes for the member's trades when they first enter the Getting Started Chat. Ask yourself anything you're good at now, were you good day 1? No, you like everyone else was more or likely trash in the beginning as we were on the Mook desk. However ones ego tends to cast a shadow over the willingness to admit one's weaknesses early on. In hindsight it's much easier to admit as we are doing now.

Let's say you traded 20 names that day, you had maybe 2 decent trades, 10 mickey mouse trades (break even, paper cut, or small profits) and then 1 to 4 disasters that put you in the a huge hole for the day (before even factoring in profit split, commissions, fees, taxes, travel, food, time, etc).



Symbol	Cost Basis	Position	+/- Pos	% Chang...	CB Op...	Traded	Estimated Net ...
CFG	.00	0	0.00	+0.00%	0.00	1,400	+186.08
ICL	.00	0	0.00	+0.00%	0.00	1,000	+2.00
SUNE	.00	0	0.00	+0.00%	0.00	400	-28.00
VTAE	.00	0	0.00	+0.00%	0.00	600	-42.20
CYBR	.00	0	0.00	+0.00%	0.00	200	-46.44
WB	.00	0	0.00	+0.00%	0.00	800	-73.20
CMCM	.00	0	0.00	+0.00%	0.00	920	-123.66
LNKD	.00	0	0.00	+0.00%	0.00	600	-303.87

In the most simplest sense for every \$100k profits you would make, you would only see about \$25k of it after everyone else took their hand out of your cookie jar. Hence why the failure rate as a prop trader is around 95% within the first year. Same reason why we do not recommend

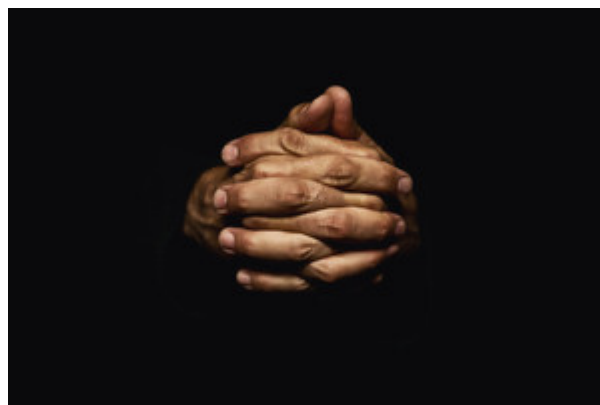
this route or let our members trade on margin. We still have yet to have 1, repeat that 1 member blow up his or her account under our watch and we have members who have been with us for over 3 years. Yet on our desk, some couldn't last a week with 100:1 leverage. If you are reading this and use margin, remember this quote from a BSD who once told me:

"I have been in this business 30 years, the biggest blow ups I have ever seen were all from my clients who played with leverage. They would ride the tide up in the easy market, and 1 rogue wave would wipe them out clean when the tides changed"

I enjoyed the experience, learned greatly from it and met my future partner for this business so it was worth it hundred fold, however we were the exception to the rule. Statistically speaking we were the ones who got the golden ticket while everyone else went bust crumpling up their tickets in disgust and more importantly, in silence.

Trading is all about probabilities and you need the numbers to be on your side. The only reason why I got one of those golden tickets was because I didn't care what I had to **make** as a trader because I had other sources of income. I was there to learn, whereas the Red Army only had 6 months to make it or be shipped back overseas to become excel monkeys. No surprise they all failed because they had a countdown running on a skill that takes years to master and even then it requires consistent daily effort.

Now my mini sleep sessions were working for about a week into our trade reviews. During this time, I was running on such low amounts of sleep that I developed a system whereby if I interlocked my hands, within seconds I would literally be out cold. It was a mental trigger to put myself to sleep that I had mastered spending 4+ hours a day on buses and subways. My friends knew this and if they saw me doing it on the weekends, they would immediately pull my hands apart and I would wake startled as fuck wondering who just stripped me of my precious minutes of sleep while we were on our way to a bar or club in my limo.



My mini sleep sessions were working until one day, I awoke to hearing Chaz who was twirling his drumstick calling out:

"Bennett what did Chen do wrong in this trade?"

"I am not sure, I was not paying attention." I replied awaking to the real world nightmare that was about to unfold.

Now Chaz had the patience of a monk, shit his primary task was to teach the day 1 rookies. Literally the hardest job at a prop firm for anyone in management. On the turn of a dime, he would go from calm and collected to fully losing his shit. Up until this point, I had yet to be on the shit end of his drum stick twirling wrath until now.

"What the fuck did you just say to me?" Chaz now standing over his 4 monitor setup with his face as red as a macintosh apple (he famously called an Apple earnings call right down to the penny, making over \$100,000+ in a few minutes after the earnings came out after hours, hence the apple reference).

"I was not paying attention to Chen's last trade." I exclaimed in a hushed tone.

Now the only reason why I didn't lie and try to make up the 1 of 5 reasons that were wrong with Chen's dumbass trade, was that a few days prior, Chaz had called out another piker who was not paying attention. Said trader also only "day traded" the SPY, aka he didn't last 2 weeks on the desk. The SPY Scalper just kept digging himself a deeper hole by trying to lie that he was paying attention. Lying on a trading desk is one of the worst offenses. You want to put on a dumb trade, get smoked and own up to it, it's no biggie it's just money. However if you are a liar or delusional, you're out, we have had to do this in the Alpha chat only 3 times in the last 2 years.

Traders at a firm or even a virtual trading desk like our Alpha chat, you spend a fuck load of time together. On our trading desk I was with the same group of people 5 days a week for 14 hours a day. Breakfast, lunch, dinner, even Christmas Eve (actually I was the only dumbass to show up that day and left at 11am as I sat in the room by myself wondering where everyone was). If you cannot trust someone that you spend more time with than your significant other then they're as good as dead to you. At a firm or with us it is no different.

After witnessing the SPY Scalper lie to Chaz, his fate was sealed in Chaz's eyes, he wasn't going to make it, however the SPY Scalper was still delusional that he was a star. So in the moment I figured a 10 second tongue lashing was a far better trade than being the punching bag in front of everyone for the next 10 minutes. After Chaz hears:

"I was not paying attention to Chen's last trade."

Chaz states very firmly “*Get Out.*”

I reply “*Ok*” with a nod and throw on my khaki suit jacket and walk out of the trade review at 4:20pm. The rest of the desk looked on in awe and shock as I casually walked out as if I was going to grab a cup of coffee as they assumed I was fired (which I also assumed).

Side note: real traders do not wear suits, however I was still a piker and wanted to feel like a titan on Wall Street. The day in question I had on a bold ass khaki suit. Safe to say after that I started to mold into the customary Buy Side trader outfit which was jeans, a button down untucked with the sleeves rolled up, loafers and a Rolex. The pikers rocked Submariners and the BSDs rocked Rolex Daytona’s where the key was to be able to say you paid *retail* for it. The reason why paying full price when your task daily is to find stocks that you feel are underpriced was a sign that you made it. A sign that spending \$30k+ on a watch that you could easily get in the secondary market for half was the point. If you see the guy in the fancy suit he's on the sell side where presentation is key. On the buy side all that mattered was PnL, not how you presented yourself. Leave your Hermes ties at home, Mr Market doesn't care.

I basically turned the lights on in the place since I was 1 of 2 traders who got to the office that early (the other was Shake, surprise surprise). Shake did it for strategic reasons, mine on the other hand was purley logistic. My plan was to grab some face time with Chaz as soon as he walked in and apologize for my prior day’s fuck up. Which I did and Chaz was extremely understanding, most thought I was fired the second I walked out the door. However Chaz respected my honesty even though my actions were as blatantly stupid as thinking a penny stock is a smart investment. Safe to speculate that my nap sessions were stopped out for good.

During those times Chaz would say that if he was getting angry at us it was because he cared, which was true, he could see how we were our own worst enemy, however you knew your fate was sealed when you would ask him feedback on a trade idea and he would reply casually saying something along the lines of “Try it” or the worst of them all “You’re right”. “That’s right” should be music to your ears, hearing “You’re right” means you’re not worth the time to explain.

The irony of these humbling experiences is that one of my primary roles in TE is to help corral and trim the herd of free members, which at this point has ballooned to over 1500. The Getting Started chat is the equivalent of our Mook Desk that is much larger with 500+ people in it, filled with cocky know it all pikers who are about to quickly get humbled (they just don't know it yet). Now at our firm it was a win win for management, if the cocky trader blew up they still made money on the days they were up and also made money on their commissions while taking no part in the downside as you had to fund your account to cover your losses. If you sucked, the faster you blew up actually helped their business’s PnL.

At TE our goal is to truly help improve your trading skills with 100s of tiny improvements that slowly occur day after day, month over month and year over year. Given that we don't have the same monetary incentive as a prop desk (commissions, profit sharing, desk fees etc) our

primary goal is to make you self sufficient and profitable. The mooks thin themselves out simply due to poor attitude and nothing else.

It's a natural reaction to be timid about trying new things in fear of making a fool of yourself. We're afraid of exposing our weaknesses for all to see. Our mentors showed us that we were bigger fools by trying not to expose these failures. Back then it was the absolute worst to go through the daily embarrassment, but now it's no biggie, we see the flaw and correct it. That's why getting feedback requires humility, it demands that you subordinate your thoughts and entertain the idea that someone else might have something valuable thing to add.