

PENNY STOCKS BEHIND THE SCENES

A Glance Into The World Of Penny Stocks



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PREFACE

Congratulations!

You have taken a key step towards trading penny stocks successfully. You have stumbled upon a real method of profiting in the stock market. Whether you choose to embark on the journey to consistent profitability is completely up to you. It will take some time, but will be completely worthwhile if you are serious about learning to trade successfully. What's not to like about earning thousands of dollars in minutes without spending 40 hours at a normal job?

There are hundreds of products and services available which claim to turn you into a stock market expert in a short period of time. The truth is this is highly unlikely so I suggest you ignore all these liars. Fortunately if you are serious about learning to trade, and willing to put in a bit of time, there is the potential to earn thousands of dollars in consistent profits trading penny stocks. I suggest reading through this whole E-book and then get ready to begin!

INTRODUCTION

Reasons To Trade Penny Stocks ...

The penny stock market is one of the most misunderstood markets in the world. So many people enter this market with little to no knowledge of the skill set, trading tools and other components that are needed to be successful. Everyone seems to know of somebody that made thousands of dollars in penny stocks, and they want to do the same. The fact of the matter is penny stocks can make incredible percentage moves which put most other non-leveraged asset classes to shame and it doesn't take a ton of money to get started. I can tell you from experience that when you make your first large profitable trade there's no better feeling in the world, but I want you to be aware that the road to profiting consistently in the stock market isn't some get rich quick scheme. This false belief that many people have about penny stocks is a major reason that so many people fail.

The key to consistent profits in penny stocks or in the stock market as a whole, is to extract small to medium size profits again and again. Now when I say small I don't mean \$30 or anything ridiculous like this because such small profits will do nothing for you. Instead I am referring to several hundred to a few thousand dollars at a time because over time these profits will add up to a significant amount of money, and it's absolutely possible to do this once you separate yourself from all the consistent losers.

Although trading becomes easier once you learn how to do it, it's not something you are going to learn instantly. If you think you are going to start trading today and end up a millionaire by next week, unfortunately you are living

in a dream world. Many so-called "guru's" will try to convince you that you can do this but I can assure you they can convince you to give them your hard earned money. Everyone wants to jump in to the penny stock market head first but the truth is the stock market will eat you alive if you get involved without arming yourself with the correct knowledge and skills that are needed to succeed. Fortunately from my experience, it's most certainly worth getting involved in trading, but you need to be smart about the approach that you take.

Picture This ...

Imagine waking up, checking your email and finding out that five days from now will be one of several of your monthly pay days. The difference between this pay check and the one you receive from your full time job is that this one will be in one lump sum. You won't have to get up at 5 AM to commute to work or spend 40 hours a week doing monotonous tasks for your ungrateful boss. Instead you will wake up at a reasonable hour, make sure your trading system is setup correctly and will enter several key strokes through your direct access brokerage account at the market open. Most of the time you will spend only 30-90 minutes (sometimes even less) monitoring your trading system and then you can call it a day, typically walking away with several thousand dollars or even much more in profits each time (this amount varies depending on your trading account size). This is one of several of the trading strategies that I use on a daily basis and I am happy to share it with you if you are serious about learning to trade successfully...

CHAPTER 1

The World Of Penny Stocks



By definition penny stocks are stocks that trade for less than \$5.00 per share, although some people even classify stocks under \$20.00 as penny stocks. This is mainly because it's not so much the price per share but rather the volatility of the stocks which defines how quickly they move. Penny stocks have a high level of volatility and can make large moves very quickly unlike the stocks of established companies which typically move rather slowly. For this reason, there are several types of penny stocks. The first are listed penny stocks which are stocks which trade on the big board exchanges (the NASDAQ, NYSE and AMEX).

True penny stocks actually trade on the OTC (Over The Counter Market) which is also known as the OTCBB or Pink Sheet Stocks, (which are now referred to as the OTCBQX). There's actually two classifications of OTC penny stocks. The first type are stocks that trade over \$.01 per share and these are just referred to as standard penny stocks or micro cap stocks. The second type are stocks that trade for less than \$.01. These are called sub penny stocks and contrary to the belief of most people, sub penny stocks are generally NOT good to get involved in regardless if you are trading or investing. Some of these stocks trade for \$.005 a share and others for as little as \$.0001! None the less many people are infatuated with these sub penny stocks because they allow people to purchase hundreds of thousands or millions of shares. Little do they realize that these type of stocks are incredibly manipulated and very illiquid, and the chance of profiting in them consistently is near zero, yet you often see people gambling on these worthless stocks...

The penny stock exchanges list some of the most volatile stocks in the world which steals millions of dollars from unsuspecting newcomers, and put it into the hands of the key market players. The key players are small hedge funds and Private Equity firms that deal with micro cap stocks, market makers, stock promoters and large professional traders.

Market Players



Smart retail traders that figure out how the penny stock market functions can take part in this game and learn to extract profits from penny stocks on a consistent basis. The key is to realize that you must compete with these other individuals, which means trading is NOT a game and must be treated like a business whether you do it part time or full time.

What Is The Penny Stock Market

The penny stock market is not what it seems. Penny stocks are the worst publically traded companies in the financial markets many of which are not even real companies. I can go as far to say that a majority are just straight up scams which have just one employee and whose business address is an abandoned warehouse, UPS Store mail box address, or even some poor guy's parents basement (Yes I have actually seen a penny stock back in the day like this where the CEO was living in here parents basement!). Since the regulation of the penny stock market is very low, these companies typically don't have to report much financial data with the regulators. This entices many corrupt individuals to take part in penny stocks because the ability to take advantage of unsuspecting investors (a.k.a. the general public) is so great.

The scammers in penny stocks operate in a grey area of the market and it's not exactly clear why this loop hole has not be closed. Although much of Wall Street is corrupt, the penny stock market operates in a completely different realm far outside of reality! Hundreds of times per month millions of dollars are funneled into obscure penny stocks which are nothing more than registered business entities. They have no earnings, no revenues, no cash on their balance sheet, and don't produce a product or provide a service, but often try to make people believe that they do! These companies are some of the world's worst companies yet their stock prices sometimes rise as much as 500% in a short period of time. Fortunately informed traders can use this information to their advantage and profit off these incredible opportunities! When you learn how the game works, and what's going on behind the scenes, you no longer should fear penny stocks but instead embrace them for their tremendous potential.

Why Do Most People Lose In The Market?

Most people that get involved in the penny stock market lose everything because they really don't understand what they are getting themselves involved in. They have no idea how much of an advantage the key players involved in these markets are or who these "key players" actually are. If they did some research and stopped to think about what the penny stock market really is, they would realize it is a rigged game for the majority of participants. The average person who is un-informed, with a crappy retail broker (which is basically what most people use) and a few hundred dollars in their brokerage account, will NEVER consistently earn a profit in the penny stock market. It's safe to say most will never earn a single cent... 99% of the time these people will lose everything very quickly and the longer they hold onto these worthless investments, the greater the chance that the value of their investments will decline to zero. The penny stock market thrives on these suckers because stealing five hundred or a few thousand dollars over and over again from tens of thousands of uninformed people, adds up to large profits over time.

You may run across a person that thinks they've found a hidden gem. They may agree with you that many penny stocks are fraudulent, but they will try to convince you that the one stock that they own is the real deal. These people are straight up suckers and the reality is these are the type of people who you must learn to take advantage of if you want to make money in the stock market... Now some people may be put off by this. They may see it as unethical or downright nasty but here is the thing. Making money in penny stocks requires one person winning and one person losing because penny stock don't pay dividends. That means if you aren't comfortable with this concept then you should not be involved in trading.

The average un-informed, but rich fools with a few hundred thousand dollars in their brokerage account, but absolutely no clue about "the truth behind

penny stocks", will also lose everything. It doesn't matter how intelligent they think they are, because the penny stock market is setup in a way to steal every last penny of clueless people's money. Although stealing people's money is the true purpose behind Wall Street as a whole, it's possible to make money by investing in established blue chip companies or index funds in the long term (10+ years) with an acceptable level of risk (although it has become more difficult in recent times). On the other hand without pure luck, it's impossible to make money in the long term by investing in penny stocks for the reason mentioned above.

A few people may get extremely lucky from time to time, but this only accounts for about .001% of the individuals that are involved in this market. The rest of the people lose everything! Yes once in a great while a penny stock will shoot up from \$.05 to \$50.00 but the chance of this is extremely low. In the last fourteen years I have only seen a handful of penny stocks that did this, but none held their gains for more than a few weeks. Today these same stocks trade for pennies again...

One stock VRML (which later became VRMLQ because it went bankrupt), was related to the pharmaceutical industry and had their so-called cancer drug approved by the FDA.



The second penny stock MXC was an oil stock with an ultra low float (which means the number of outstanding shares was very low which results in explosive price movements), which spiked due to the news about the second war in Iraq. In both cases they never amounted to anything so if you didn't have a strategy to get in early and pin your exits (exactly what I do), you would have lost all your profits if you invested in them for the long term.



Out of about 8,000 publicly traded companies these are some of the only ones I have ever seen that made incredible moves, yet many people buy penny stocks every day with these ridiculous expectations. You have to realize that if a penny stock company actually had a legitimate product that was going to earn millions in profits or a drug that was going to generate billions in sales, a financial firm like a hedge fund or a big successful Pharmaceutical company would buy them out immediately before you could blink. This is the way the companies operate. This almost NEVER occurs with penny stocks, which tells you most people have a completely convoluted view of the penny stock market!

Picture This

Imagine a pool full of 100 great white sharks. You just cut your leg and now you are going to take a swim in this pool. There is an infinitely small chance that you will survive even a few seconds before the sharks rip you apart. Most likely you will die instantly. No exaggeration, this is a great comparison of an uninformed novice that decides to get involved in the penny stock market or the stock market as whole. Nothing is what it seems.



People think that they are entering a fair game but they are sadly mistaken. They think they can just find a company with what seems like a great product and a bright future and invest their hard earned money for the long term, like they can in legitimate stocks of big established companies like Walmart or McDonald's. They also think doing their research on message boards and other online websites, will put them ahead of other investors and allow them to make millions

from a \$300 investment. Little do these people realize that the chance of this is infinitely small and most of the information about these companies is exaggerated or even completely made up. To begin to make money in penny stocks you must think differently than others and start to see the market in a different way. This means you must base your expectations on reality...

Who Actually Makes Money?

Despite what I have said so far, informed traders know that there are ways to beat the system that has been put in place to take advantage of the majority of new market participants. They know if you are quick and knowledgeable about specific high probability situations that arise you can extract relatively large sums of money consistently. If you have a larger amount of trading capital to start with you can even make a lot more money (hundreds of thousands or even a few million a year). You don't have to do your due diligence or research any penny stock companies (in the typical sense anyway), because the fact of the matter is nearly all are worthless companies with no earnings and no chance of ever turning a profit. Doing so is actually a waste of your time and disadvantageous if you start to believe the lies that these penny stock companies make. Don't get me wrong, I am not telling you that you don't have to spend time learning about exactly how penny stocks trade (which I refer to as the "the market frame work"). Doing so would be foolish and you will end up a loser like the rest of the crowd. Rather I am suggesting to spend your time more wisely by investing some time and educating yourself before you get involved. A general rule of thumb that all traders would live by is that stocks are merely ticker symbols and nothing more. It's imperative that you learn to trade the ticker, and ignore everything else, but more on that later.

There is no denying penny stocks are risky but to be successful, you have to be disciplined enough to wait for the right time when your risk of owning a penny stock is greatly reduced. At these times it is possible to jump into the market with larger positions and be **quickly** rewarded for taking on the risk of holding volatile

penny stocks. I want to emphasize **larger** positions because commissions, slippage (the difference between where you expected to enter a trade, and the actual price your order was executed at) and large spreads (the difference between the actual price you can buy a stock at and the price you can sell a stock) almost always result in losing trades when a person's position size is too small. Lots of people try to trade penny stocks successfully with a few hundred dollars and this just makes no sense... While you certainly can try to do this, it's completely counter-productive and you are most likely going to end up a loser in the long run due to the reason mentioned above.

If you avoid the rules that are set in place and instead trade off hunches, message board postings, or stock tips from your golf buddy that told you xyz penny stock is a sure thing, or invest in penny stocks based on your fundamental "due diligence" for months or years, you are almost guaranteed to fail. Penny stocks can move a great amount in a short period of time and are incredibly risky for the uninformed people that have no plan and no profitable trading system in place. You are basically throwing away your money if you are trading without a proven trading methodology and a sound trading plan.

Profit Potential

As I said before, if I told you it was possible to start out with just a few hundred dollars and make millions in penny stocks in the next week or month, I would be straight up lying. It's not possible for the average person to earn that kind of money in the penny stock market because the trading volume in penny stocks is too low. Yes there have been a few unique individuals that were able to turn \$1,000 into a couple million but all these people did this during the Dot Com bubble in 1999 and 2000 when literally all stocks went up every single day for a few years. Also starting with more than a few hundred dollars, for example \$5,000+ would greatly increase your chances of long term success. During this time, thousands of people quit their full time jobs to become traders. Anybody that day traded (which is when you open and close out your position in a stock

during a single trading day) at this time made a lot of money, but most lost everything because they swing traded (holding positions overnight typically for several days to a month) and really had no clue about what they were doing. The few people that kept their profits, were incredibly lucky that they happened to be in the right place at the right time. I guarantee nearly every one of these people with a success story like this does not earn nearly as much now utilizing their same strategies (if anything) since stocks no longer rise every day like they did at this time. They may earn millions of dollars now selling their products which tell how they turned a thousand into a few million dollars, but they are now marketers and not traders, and the chance of anyone repeating this is nearly impossible today unless they are already wealthy.

You have to be much more selective now than during that unique time period in history. On top of this realistically speaking, to make millions in a short period of time you have to start off with at least fifty thousand. Fortunately what I will say is that I consistently was able to profit \$5000+ a month on average in my early years, and my profits continued to increase a lot as the value of my account size grew larger. This is a realistic goal that most people could be able to achieve fairly quickly if they have a decent amount of money in their brokerage account and are willing to take calculated risks where the probability of success is in their favor. To give you an idea of the **profit potential** for people with smaller accounts, here are a few of my smaller real trades (both long and short). Notice the position sizes on these particular trades are very small relative to the dollar gains which means that even people with small accounts can earn good sized returns in penny stocks! Also notice these profits were earned in a very short period of a few hours to a few days. At times I take much large positions with the potential for much bigger profit's but you really need to be realistic with your expectations.

▲ \$1123 profit BFLX

	Date	Price
Entry	03/06/12	.26
Exit	03/06/12	.4240
Position Size		7000
Percentage		63.07%

▲ \$1,164 profit CEYY

	Date	Price
Entry	4/19/11	0.2565
Exit	4/21/11	0.3176
Position Size		20000
Percentage		23.82%

▲ \$825 profit CPMCF

	Date	Price
Entry	4/19/11	0.7025
Exit	4/19/11	0.6200
Position Size		10000
Percentage		11.74%

Penny stocks are **scalable** to some extent but their profit potential tops out eventually. By scalable I mean they will allow you to increase your position size and thus increase your profit while executing the exact same strategy. Unlike in

higher priced stocks where you can throw millions of dollars into them, penny stocks do not allow for this due to their relatively low trading volumes. Personally I utilize a trading system that works for higher priced stocks as well as other asset classes. If you have a lot of capital you could potentially get to a point where you could earn as much as \$50,000-\$100,000 in a single trade in a penny stock (no exaggeration), but realistically, you would need substantial trading capital to generate these type of returns.

CHAPTER 2

About The Author

I started trading stocks around January of 2002 and became profitable around the beginning of 2004. I can definitely say that learning to trade without something to show you the way is not easy and takes a lot of time. I really don't suggest it since you will certainly lose a lot of money before you become successful (if you ever even do). I am technical trader which means I trade based off of advanced technical analysis and chart reading (I don't use standard settings on indicators that you see on sites like stockcharts.com, in the charts posted by people on twitter or in your online broker's trading platform).

Technical analysis is a way to assess the prices of stocks by utilizing charts based on the price and volume data of a security. People that rely on technical analysis (a.k.a technical analysts) attempt to predict the future short-term price direction of an asset by focusing on historical prices and other variables such as human psychology which are a huge part of stock price movement. By analyzing the way the average person thinks, it's actually possible to place trades which capitalize on the emotion based decisions that these people make. Now the academic pundits may say this is not true or impossible, but I can assure you that you don't want to write it off until you actually see it in action. Some people have said I have an uncanny ability to pick the direction of a stock. The truth is that I know exactly how computer algorithms function, and how uninformed traders think, and this is how I am able to place trades which let me profit off of this knowledge.

In penny stocks I don't focus on fundamental analysis such as P/E ratios or any other typical fundamental metrics, because frankly these are useless for short term trading (since earnings are reported on a quarterly basis and therefore do not affect the price of a security in the short term). Honestly fundamentals are even more useless for penny stocks since most companies have no real value since they are unprofitable and are in an exploratory stage with no operations.

They don't want people to realize this but the truth is these are extremely speculative investments and their long term success is near zero.

In my analysis I use custom settings for technical indicators because very few people know about them. Most people can't think for themselves. They want to be spoon fed. This is why following other people stock picks is a bad idea. Profiting in penny stocks requires differentiating yourself from the majority of other market participants. If the majority of people are losing money you don't want to be taking any advice from these people. That is why you need to ignore most of the noise out there and start to learn a methodology that works again and again.

Why I Like Shorter Term Trading

I prefer day trading but also hold stocks overnight for a few days if the risk parameters of a given trade allow for it. I like day trading because it allows me to sleep better at night knowing my money is not at risk to adverse market movements and short term trading suits my personality. Not to mention penny stocks are quite volatile and the longer you hold them the greater the chance that they will drop sharply, which is why I never would hold a penny stock for more than a few days in general. In this global world we live in all markets are now inter-related and even if you enter a stock perfectly there is a good chance some global new event could cause you to lose money when holding for longer periods of time.

Unfortunately the luxury of having no overnight risk exposure comes at a higher price because timing your entries and exits during the trading day becomes even more important than when you hold a position for several days or months. The reason for this is that market makers and the computer systems they use to "work" penny stocks, don't want you to make money. Market makers utilize computer systems which buy on the bid and sell on the ask (unlike everyone else which typically buy on the ask and sell on the bid) who's main purpose is to provide liquidity to the market. If it becomes easy or predicable to earn a profit in the stock market, these institutions will lose money and the market as we know it will fail (See the flash crash).

Don't forget that there is a long (buyer) and a short (seller) on every trade and one will ALWAYS win or lose. The market mechanism does not work otherwise because money cannot be pulled out of air! Surprisingly some people are not aware of this simple fact. Obviously market makers (a.k.a mm's), don't want to lose money, and since this is their profession, they make sure that the chances of you beating them on any given day are very small. To profit in penny stocks you have to be smarter than 99% of the other market participants or you will just end up a loser. This is why I only trade at optimal times when the stocks exhibit specific price patterns and my technical trading system confirms what my strategy is telling me. Despite a five and a half hour trading day (regular hours for U.S. stocks are 9:30 AM Eastern Time), the window for profitable trading is much less. Everyone that is new to the market thinks you either have to be in the penny stock market at all times or you have to buy and hold for months or years. This is completely wrong and will result in losses.

From my experience, to be profitable in trading a trading strategy must suit a person's personality otherwise they are bound to fail. The reason for this is because you have to be comfortable sticking to a strategy day in and at all times, no matter what, or you may end up missing trades or entering or exiting at the incorrect times. If this occurs you won't make money in the long term since you may end up missing a huge trade or taking a loss that you should have easily avoided. Successful traders don't try to hit home runs on purpose but every once in a while they are in the right place at the right time and hit it out of the park. The general public tries to take small positions and therefore is forced to hold on longer expecting a home run every single time, and for this reason they are almost always unsuccessful, because even though they may be right part of the time, their profits will almost always slip away when stocks reverse. Instead large profits help to offset small losses that are bound to occur from time to time and this is truly what leads to profitable trading.

My Method

I analyze stock charts looking for familiar and unique chart patterns (which not many people know about) and place trades based off of a group of technical indicators. When combined these indicators and chart patterns form my proprietary trading system. I also have a strategy which allows me to find specific

catalysts which cause low priced penny stocks to make large percentage moves. Combining this strategy with my technical trading system (for timing when to enter and exit a stock) allows me to extract consistent profits in the stock market. I find it works a majority of time so that I can earn consistent profits when it is combined with strict money management.

Money management and position sizing is the key to successful trading because a profitable trading system is useless if you don't manage your risk. If you have 99 trades in a row that are profitable, but end up risking too much money, and not cutting your losses on the 100th trade, you could easily lose your cumulative profits from the other 99 trades. This is the way the market functions and big reason why most people fail. Therefore it's best to pay more attention to your max expected risk on a trade, more so than your expected reward. If you have never considered this in your trading, and have been experiencing consistent losses, this is most definitely the reason.

The system I use was designed through tens of thousands of hours of research and trial and error. This is not an exaggeration! I spent years sitting behind the computer screen identifying patterns and figuring out which algorithms the market makers in all assets (not just penny stocks), use to "game the markets." My buy and sell decisions are based off of a set of rules which prevents me from making emotional decisions that full discretionary traders face. Discretionary trading means buying without a real reason or distinct plan (a.k.a trading based on your gut".) Most people are either discretionary investors with absolutely no clue what they are doing, or they are discretionary traders which may have knowledge of basic technical analysis and other factors that affect stock price movements, but don't have a defined plan. Neither of these groups of people make any money consistently in the market because they have no way of repeating their successful trades consistently. Although they may get lucky once in a while, they will end up giving it all back to the market over the long term.

In general 3 out 4 stocks follow the market and for this reason when the market rises, there's going to almost always be people with **paper profits**. By paper profits what I mean is that they are unrealized gains. The problem with these type of profits are that they aren't "real" until the trade is closed out and the profit is "locked in". Investors and traders with no plan will never lock in profits, which is why they will never consistently earn profits and will ultimately

end up losing money the longer they are involved in trading. A trading plan tells you how to find stocks to trade, when to enter, when to exit, how much money to put into a trade and how much to risk each time. It is imperative to know this information prior to going into a trade or you will most definitely end up on the wrong side of the market almost every time! This is a big reason why the market sometimes seems like somebody is watching your every move and the price always goes the opposite direction of what you want it to do. The computer algo's and key market players are watching your every move and they will take all your money if you let them.

I find very few people can trade successfully using fully discretionary systems without target exit prices or stop loss orders. The reason for this is because 99% of people do not have the discipline needed to cut their losses short and let their profitable trades reach their targets. Most people think they have this, yet if that were the case there would be a lot more rich, self employed traders rather than people working 9-5 jobs! There are far too many people that average down on losers or enter stocks when the probability of success is very poor. **Averaging down** is buying more of a stock at a lower price than your initial purchase in order to lower your average purchase price. While averaging down may work out for some people part of the time, the problem is when a stock does not reverse, and you end up losing every last cent that you invested. This is even more important when trading on margin (credit) which foolish people do.

Penny stocks are normally very poor long term investments and therefore once they start to drop they never stop. If you average down on penny stocks you will lose again and again. I have always wondered why people act this way but the fact of the matter is without these foolish people, it would be much harder for traders like myself to make money in the market. As I said before since trading is a zero sum gain where one person wins, and one person loses on every single trade, these people are a necessity and they keep traders like myself from having to get a "real job"!

CHAPTER 3:

Why Classical Technical Analysis No Longer Works

There are literally thousands of technical indicators available for free and for sale. Everyone online seems to claim to be successful using typical indicators like MACD, Stochastics, Money Flow, ADX, OBV, Accumulation Distribution, and many more indicators with default settings. Tons of people on social networks like twitter and Facebook show there annotated breakout charts or trend line breaks and claim to be making a killing using standard discretionary trading methods.

The fact of the matter is classic technical indicators no longer work like they used to and at least 95% of these people are straight up lying. For Instance 99% of books written on trading will tell you to follow the 50 and 200 day simple moving averages, and to buy when the MACD crosses the zero line, or to buy when the stochastic indicator is over sold below 20 and sell when it's overbought above 80, etc. While stocks do gravitate to these price levels, there's so much "market noise" around them that you can no longer use them for generating profitable trading signals without customizing these indicators. You will get chopped up to death and lose all your money if you try to trade based on this outdated methodology that you can find all over the internet and in thousands of basic trading books. Another example is buying classic breakout patterns, which now fail multiple times before a real breakout takes place. You certainly can watch standard moving averages for major support and resistance but this alone is not a profitable strategy and will not make you money consistently. If you think common moving cross-over systems are going to make you rich today you are greatly misinformed...

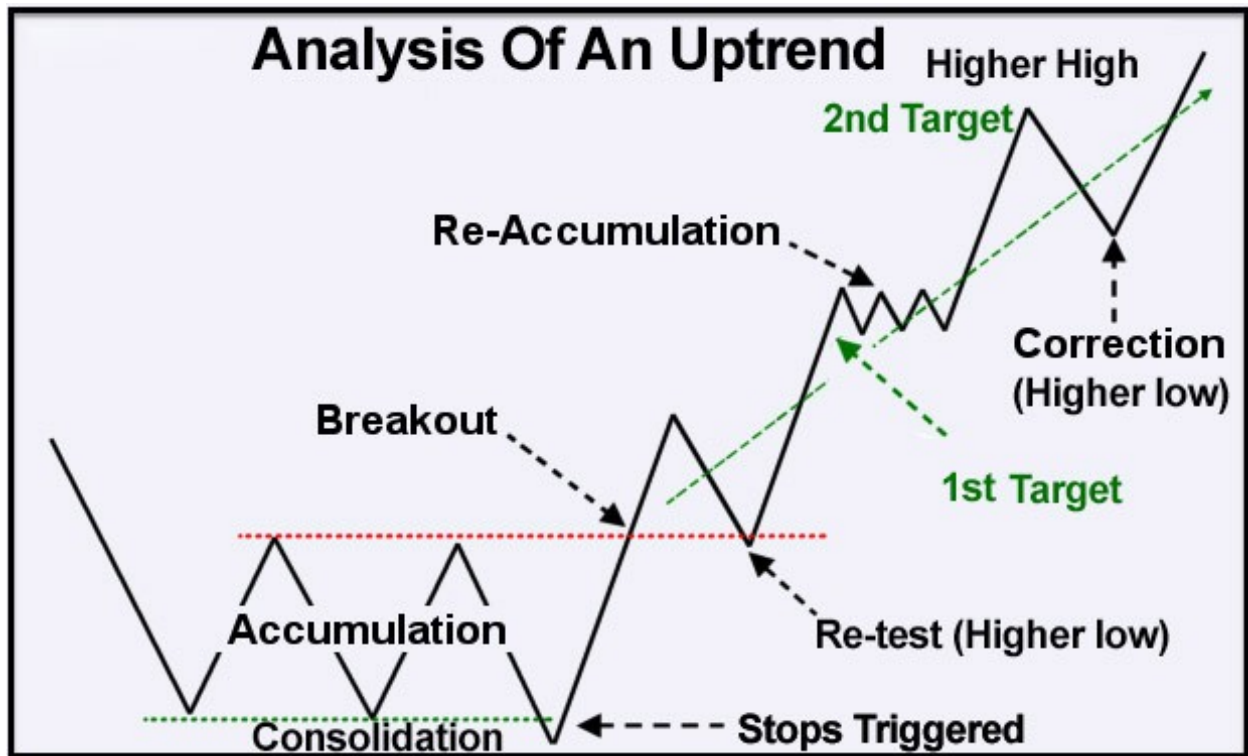
Support And Resistance

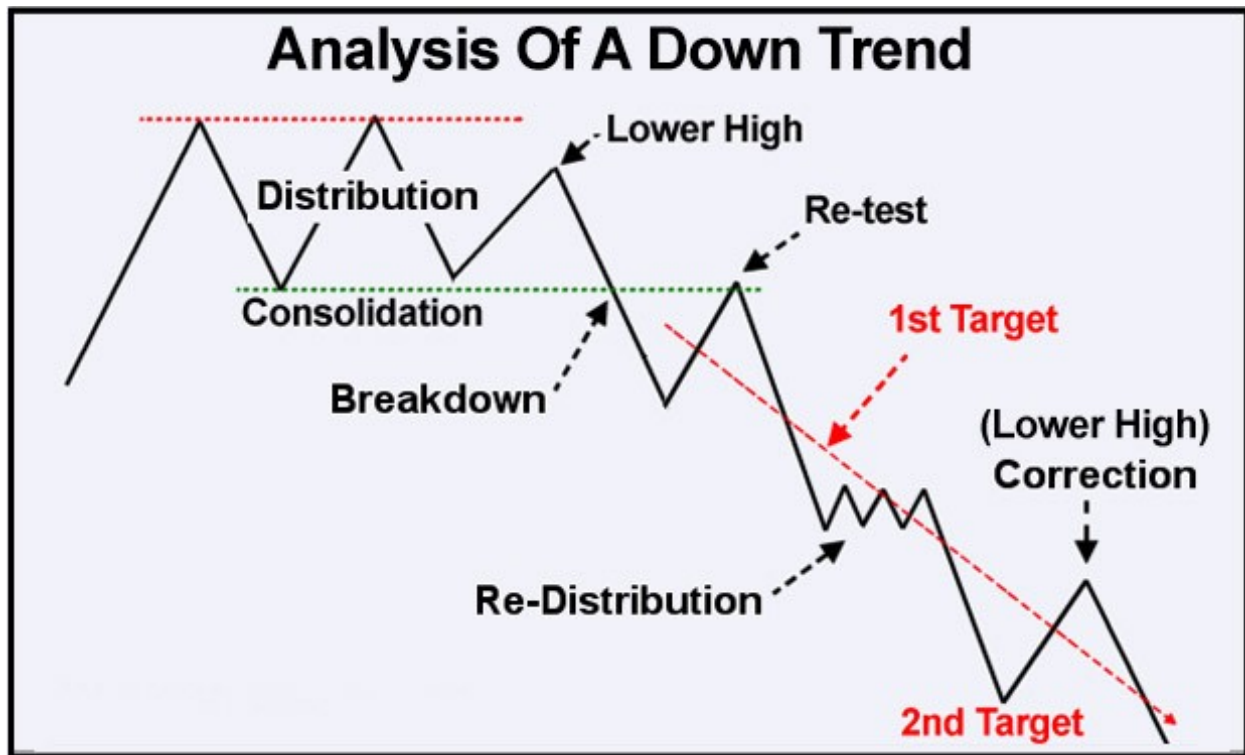
A very important concept in trading is called support and resistance. Support is a level where buyers are willing to enter a stock and prevent the price from dropping any further, essentially "supporting" the stock. Resistance is the price where people are looking to sell a stock and nobody is willing to come in and buy from them, essentially halting a stock from moving higher. Although these terms are quite psychological in nature there is no question that they are very important in trading and will most likely always be. This concept plays a large role in shaping "the markets frame work" because so many people are focused on these "price levels" that they actually become significant, which is a major premise behind technical analysis as a whole. Although these terms are critical to grasp, they are only a small piece to the puzzle that a trader must become familiar with if they want to be successful.



Analyzing Trends

A uptrend is characterized by a period of higher highs and higher lows in an asset. A downtrend is a period of lower highs and lower lows. You can either trade with the trend, or against it (countertrend). Most profits in the stock market are derived from identifying a trend and jumping on board for the ride before it's over.





What is Short Selling And Why Should Most New Traders Avoid it?

Short selling is when you borrow shares of a stock from your broker and sell them to somebody else even though you don't actually own them. You are then expecting that the price of the stock will decrease so that you can buy the shares back on the open market at a lower price than the original owner paid, and then return those new shares to the original owner, and pocket the difference. Unfortunately there is a very high margin requirement when you want to short sell stocks under \$1.00, and a lot of the hot penny stocks are priced under \$1.00 per share. This amount is \$2.50 in margin for each share that you want to short sell. This means if you want to short 10,000 shares of a \$.50 stock (which is probably the smallest size position you would want to take since there are only a few perfect short trading opportunities per month in penny stocks), you would need \$25,000 in your brokerage account rather than just \$5,000. You also can NOT short sell with less than \$2,500 in your account due to another margin account requirement in the U.S. This may be different outside of the U.S.

On top of this there is extreme competition for a very limited amount of borrowable shares. The simple fact is low priced stocks are not easy to borrow. Most retail brokers like Scottrade and Ameritrade will even go as far as telling their customers that it is illegal to short sell stocks under \$5.00, and therefore they don't allow it. Although they are straight up lying to their customers (it's not illegal in any way in the U.S.), it is difficult to locate brokers that will allow you to do this. Fortunately there are several of them that will, but the absolute minimum amount that you will need to open an account with is high. If you don't have at a lot of trading capital you should not bother trying to short sell low priced penny stocks in my opinion because you will miss out on many opportunities if you don't have an account with all of these brokers (4 of them). I would estimate you can short sell about 70% of the pump and dumps that occur, if you have all 3 of these brokers.

Another problem with short selling is that when you short sell you trade on margin which means you have to borrow money from your broker. When you borrow money your broker makes you deposit equity which is usually equal to 50% of the total amount dollar amount that you want to borrow. This is called your initial margin. Penny stocks are highly manipulated which is the main reason why 99% of people lose when trading them. When they start spiking they can move up a great deal in price, in a very short period of time (sometimes as much as 500% in a few days). Before their inevitable dump, they will fake people out numerous times, and can sometimes move several hundred percent past the price at which you thought they would reverse. This is basically given the name "short squeeze". Short sellers can get "squeezed" very hard at times because lots of people will all try to buy to cover (which is buying back the shares that they previously sold to someone else and returning them to the originally owner).

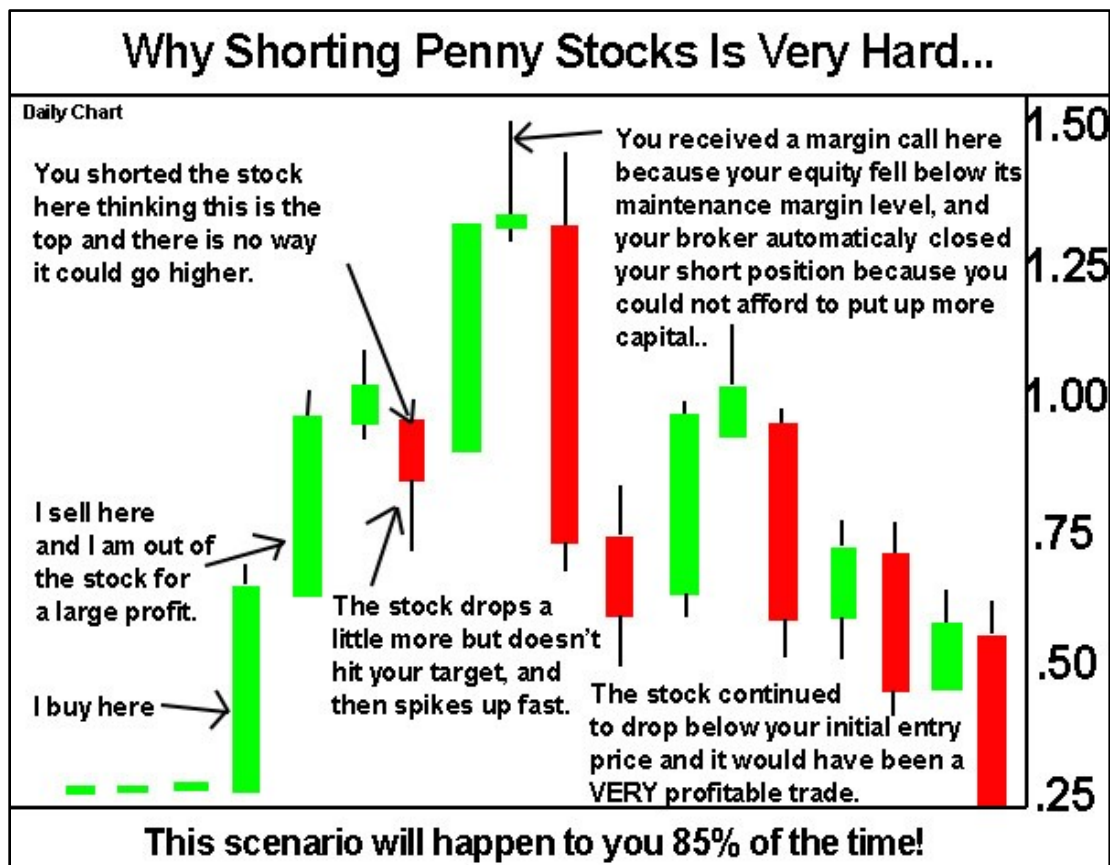
When you are short and a stock goes in the wrong direction, the equity in your account will drop. If it drops below 30% of the initial amount you deposited (which is referred to as the maintenance margin level), your broker will issue a margin call which means you must deposit more money into your account to bring your equity back up to 50%. If you do not do this in a short period of time, the broker will close out your position automatically. This essentially means they will force you to buy back the shares that you borrowed and return them to the initial owner. If the price has gone against you by a large amount you could easily lose thousands of dollars due to a margin call. When you trade with a small account you certainly won't be able to withstand these large draw downs (when a

trade goes against you before it turns around and starts to go in your favor) by depositing more funds, so you have to be very careful.

Another issue is that sometimes the owners that you borrow shares from when you short sell, will want to sell their position, and the broker will ask for them back. Remember when you short a stock you borrow shares and then sell those shares to somebody else. When this occurs the broker will issue what's called a buy-in. This is similar to a margin call but basically it just means they want you to close out your trade immediately or they will do it for you at the current market price. As I mentioned pump and dumps can sometimes last for. When you short sell you have to locate the shares early or they will disappear and you won't have another opportunity. This means you have to short sell a penny stock knowing it most likely will go against you initially and you will hold a "paper loss". Buy-ins typically occur after you have held a stock for a couple weeks although sometimes much sooner. If the stock has gone against you significantly and you get issued a buy-in, then you are going to potentially take a big loss. Buy-ins will usually be issued to all of the customers of a brokerage that are currently short a stock at the same time. When many of these people all try to cover at the same exact time this can create a massive short squeeze because it can be very difficult to execute a buy to cover order when hundreds of other people are trying to do it at the same time. Buy-ins can cause short sellers horrible losses!

There are people that claim you can make thousands short selling penny stocks and the honest truth is that it is possible, but these people are lying about the fact that you can start out with a few thousand dollars and that it's easy to short sell penny stocks. Trust me when I tell you very few people will be able to do this successfully when they start out, so you might as well spend your time learning a strategy for buying penny stocks when starting out with a smaller account. Short selling is much more difficult than buying because your entries need to be near perfect for you to profit on trades and you need to be much quicker in your trading executions. It's extremely difficult to do this and a great majority of people that try to become penny stock short sellers, will unfortunately end up wasting lots of time and money. The barriers to entry are just too high for the average person regardless if every penny stock eventually implodes or not (which they almost always do).

Check out this stock chart below:



Instead of trying to short sell OTC stocks, I suggest people focus on short selling stocks in the \$5.00 to \$50.00 range which trade on the big boards. These stocks are usually easier to borrow and generally much more liquid than OTC stocks. Since stocks go up and down, it is important that a trader learn to trade both directions or else they will miss out on a lot of opportunities. Even if you don't immediately start out short selling, I suggest you consider it at some point in the future.

To Be Successful Don't Follow Other's

In the stock market you should never try to do what everyone else is doing and expect to make money. The market just doesn't work this way. You must be a

contrarian, and by that I don't just mean a short seller, because I only short about 35% of the time. The rest of the time I am a buyer and my main strategy for penny stock trading is focused on buying. What I am referring to is that you must be making trading decisions which conflict with the general public's consensus (Getting in and out at different times from the majority of other losing traders or investors).

"**The herd**" is defined as the majority of the people on one side of the market (long or short a security). Since 95% of people are wrong at timing the market it is logical to conclude that the herd is almost always wrong. The herd are the people that buy a basic technical analysis book online and think they are going to become a millionaire from using a moving average crossover strategy, because some person in the 1960 and 1970's was able to use it successfully, and now that same person no longer can make money in the market, so now they are selling their obsolete strategy to unsuspecting people. This could be a person selling a useless candlestick charting course like Steven Nison or a guy like John Bollinger (creator of the Bollinger Bands) offering you a \$2,000 course teaching basic principles that you can learn free on Wikipedia, which don't work anymore anyway. Just because these people make appearances on CNBC does not mean they have any clue about what they are doing, or their methods will work for you. In fact there are many people that go on CNBC that are **paid actors**, which have no clue about the market. Seriously... The financial media is also designed to help Wall Street take advantage of the general public much like the penny stock market...

Trading guru's try to con people into buying their "holy grail" trading systems that use these basic strategies. They claim that these systems never lose or win 95% of the time. They show historic back tests which seem to provide evidence that these strategies are a fool proof means of printing money in the stock market. They also claim that simple strategies are better. This is a straight up lie because there is no such thing. 30 years ago you could make a lot of money buying when the stochastic oscillator gave an oversold reading below 20 and selling when it got to an overbought reading of 80. Today this indicator with standard settings, is straight up useless and will cause you to lose all your money.

None the less stock guru's are making millions by convincing people that their system is all that is holding these people back from quitting there full time job, purchasing a Ferrari, and trading from Tahiti. While it certainly is possible to

make large sums of money, you won't be making \$100,000 a month until you have enough capital to withstand large draw. To make \$100,000 you are going to have to be willing and able to lose \$25,000-50,000 on a trade. Want to get to a point where you earn 1,000,000 on a single trade? Then you have to be willing and able to lose \$250,000-500,000. Now this may seem crazy but when you start to become successful your trading account will start to grow exponentially and you will realize that money earned in the market is unlike any other method in existence. Since trading is all about risk management you have to understand that everything is based off risk and reward. The risk to reward is a ratio which must be calculated for every single trade. Since you can't make money without accepting some risk you must know the potential reward per unit of risk. The reward on a trade must be at least three times (but preferably five times) larger than the expected risk.

High frequency trading and electronic market making have put an end to the days of easy money. If you don't have hundreds of thousands of dollars and a strong understanding of market technical's, it's difficult to trade high priced stocks like AAPL or GOOG and compete with hedge funds and institutional traders with millions or billions of dollars. To make money today you have to learn a trading system that is unique and has a "statistical edge". This type of information is not readily available. I devised my own trading system after spending thousands of dollars on worthless trading systems that I purchased from guru's and useless trading alert services which claimed to pick the best penny stocks. If you want to learn to be successful take my advices and take matters into your own hands and become self sufficient trader. Learn a truly profitable method and you will start to make consistent money in the market. **Do not try to pay these people for trade alerts.** I guarantee this will not work out for you and I will also guarantee you will make that guru rich at your expense. Trading successfully requires that you become self-reliant no matter what so please get this through your head now. To be successful you should never again go searching on a message board about which stocks to buy. Use message boards like Investorshub or Yahoo Finance to see which stocks idiots are buying, and figure out how you can capitalize off of the unfortunate decisions that these people make. This is how successful traders think.

CHAPTER 4

What Is A Proprietary Technical Trading System?

My technical trading system is called the Buy/Sell Zones. A stock ticker symbol can be entered into the system and in about 3 seconds it becomes clear whether a stock is a buy, sell or a short, based off of the criteria that I look for. This does not mean the system is right every time. It is rare to find a profitable trading system that will be right more than about 75% of the time. Fortunately my system is right more than it is wrong, which is more than enough to earn consistent profits and minimize losses. The system is also used to calculate profit targets and stop loss order as well. The system allows me to look at the entire range of potential price movement within 14 standard deviations of the mean for not only penny stocks, but also big board stocks (NYSE, NASDAQ and AMEX), bonds, options, futures or currencies, and determine if right now is the optimal time to place a trade. If you know about statistics at all you will realize the chance of a stock moving past this area of variability is extremely low.

My system keeps me out of trouble by preventing me from taking trades where the probability of success is not in my favor and allows me to limit my losses. I only place trades which are based off of my trading signals. I will not trade off random news or tips from others, although I will input any ticker that could be of interest into the system and see if it is worthwhile to track a stock. This is a basic overview of my trading system. I don't worry about earning a killing on any one trade and I don't care if I get out to early. All I care about is that I follow my trading plan and enter and exit when my system tells me it's time. Although I may miss out on some profits from time to time, and watch a stock rip higher past my exit, the fact is I know that by locking in predictable profits based on familiar patterns, I can consistently make money day in and day out.

Combine My Trading System With Another System And Profit Even More

If you have your own method of finding stocks to trade you could also implement a trading system like my own into your own strategy and I am certain you will be able to time your entries and exits more accurately. Once again this system could be utilized for trading any asset classes because a real trading system will work on all time frames and in all markets. If a person tells you they have a system that only works for trading for instance in the Forex market, in just JPY:USD, something is fishy. They may have a strategy for recognizing a pattern that forms in that particular currency pair, but trading systems are built upon technical analysis and technical analysis is basically just using price and volume (which are historical) and other indicators to project the future price movements of an asset by utilizing a chart. Since all asset classes are essentially just a bunch of data points plotted off of an X and Y axis, a real technical trading systems should work in any market.

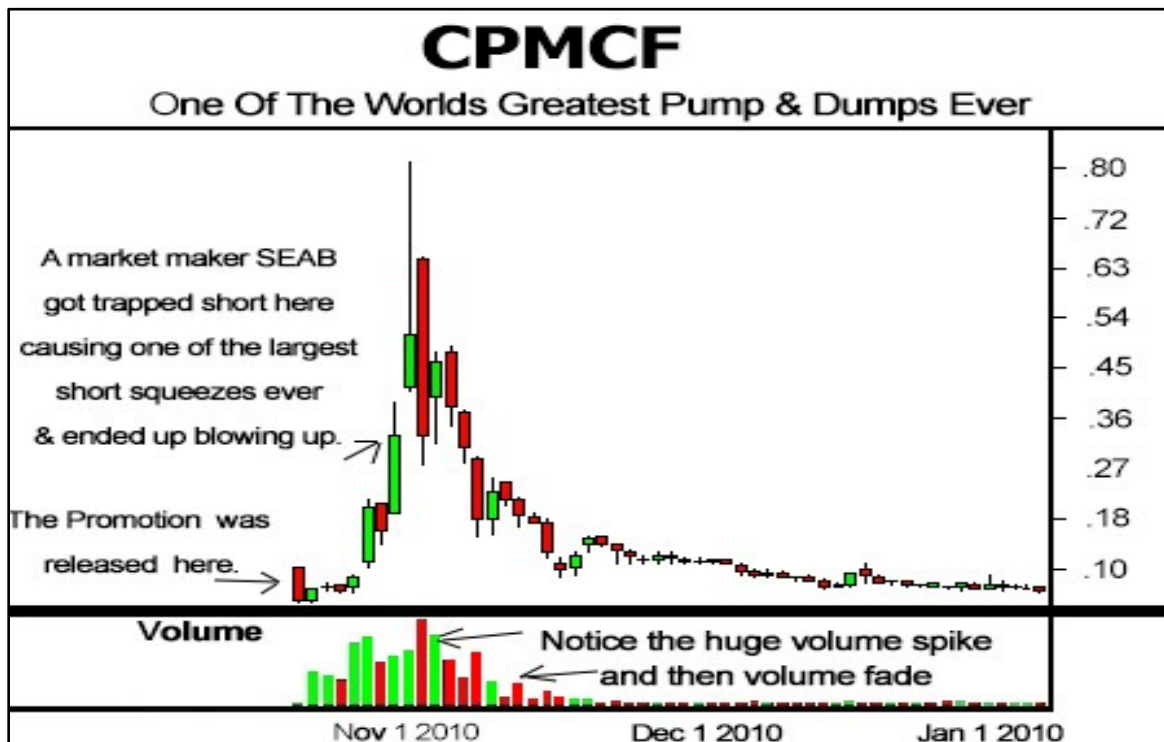
CHAPTER 5

Why I Don't Fear Pump And Dumps

Although penny stocks are risky and can be dangerous if you do not know what you are doing (and how the game is played by the pro's), they are an important part of a penny stock traders success. There's really no reason to fear them once you discover what really goes on behind the scenes. You may or may not know about the methods that are being used to bring awareness to stocks. Even if you are aware already, I am certain very few people understand penny stocks enough to profit in them. Either way you must become an expert at analyzing and understanding the way these people operate since they are an essential part of the penny stock market. Many of them are very bad at their jobs, and others are amazing, so you must become familiar with all the players and how they fit into the equation.

The figure below is a daily stock chart of one of the world's greatest pump and dumps. This promotion brought millions of volume into a penny stock called CPMCF. The stock made an amazing move from \$.05 to \$.25 in 7 days and then something miraculous occurred. One of the main market makers named Seaboard Securities Inc. (which had a market maker identification of SEAB) got caught on the wrong side of the market. They were short a large amount of CPMCF stock thinking the promotion was over since the stock had already spiked 500% and then the stock just kept going. They scrambled to cover their short position but the buyers caught on and pushed the stock higher. In just 2 days the stock moved from \$.25 to \$.80. It was an incredible time for traders like myself since the liquidity in the stock became enormously high. I made a number of trades in this stock during this time on both the long and short side of the market, and it was a very profitable time in the penny stock world. Trades like these don't come around often however they do happen more than you would expect. My strategy for penny stocks helps me identify stocks like this that are primed to make huge moves, and my trading system helps me time when the time is right to buy or sell.

Thousands of suckers also got trapped buying this stock. Many of these people lost everything but it really didn't have to be this way. If they armed themselves with the information I know, it would have helped them understand what the penny stock market really is and a lot of people would have been spared. Unfortunately most people are too lazy, or foolish to do this and instead just choose to gamble like they are in Las Vegas. This is why the penny stock market is believed by many to be rigged, when in reality it's only rigged for the uninformed. Take my advice and learn how things work in the penny stock market, or stay away altogether!



CHAPTER 6:

What You Must Learn To Succeed:



Below is a listing of important topics you will need to learn:

- What are "true" penny stocks and why do they move?
- What are stock promoters and what is their involvement in the penny stock market?
- Who are the good promoters, and who should you avoid?
- What other market participants play a major role in these markets.

- Why trade penny stocks versus big board stocks listed on NASDAQ AMEX, or NYSE?
- Correct time of day to trade to maximize your chances of profiting.
- When you should never trade and why.
- How to utilize press releases in your trading.
- A thorough overview of technical analysis and why you should not listen to people that tell you they make money with MACD, Stochastics, and other indicators with default settings.
- Modern technical indicators which actually work!
- How to read charts like a professional trader and the psychology behind why chart reading works.
- An analysis of classic chart patterns and how some of them have morphed into newer patterns.
- Tape reading: How to read the tape: level 2 quotes.
- The best brokers for trading penny stocks and the reasons why you are throwing away money by trying to trade through worthless online discount brokers.
- My proprietary technical trading system: The buy/sell zones. What is it, how can you configure it, what software is needed, etc.
- How to scan for stocks and find what is moving and "in play."
- Psychology of the market: Fear and greed and how they control your success and failure as a stock trader.
- Risk management: How to control your risk in order to insure you are able to trade another day.

- My penny stock trading strategy inside and out.
- Other trading strategies I use for trading big board stocks and forex, futures, and options: Long and short strategies.
- Overview of the trading rules that I follow
- What is a trading plan and why is it extremely important?
- Why becoming a self sufficient trader is the only way to consistently make money over the longer term: The real reason why stock alert services, paid newsletters, and other services will only make you poor over the long term.

CHAPTER 7

My Golden Rules Of Trading

- 1.) **Forget about news and just follow the chart. All information will be revealed in a stocks chart prior to the news.** We as traders are not smart enough to know how news will affect price and very few people are except for the people with inside information. The chart already knows the news is coming, and it will be broadcast to those that look closely at the chart. While news certainly can cause volatility in a stock which is good for us as traders, the hidden technical levels are where we want to focus our attention.
- 2.) **You should buy the first pullback from a new high or short sell the first bounce from a new low.** There's always a traders that missed the first trade that will be looking to partake on the second round.
- 3.) **Buy when a stock is approaching support, and sell when a stock is approaching resistance.** All traders sees the same levels and they are all just ready to get in. Don't gamble on whether a stock can break through one of these important price levels but instead use common sense and place your entries and targets around these zones.
- 4.) **Short sell rallies rather than sell offs.** When stocks have dropped a decent amount, short sellers will have a profit and be ready to buy to cover. If you short sell over sold stocks, you risk being squeezed hard. Short covering rallies are great to partake in if you are long, but very scary if you are stuck short.
5. **Don't buy up into a important moving averages or sell (short) down into then.** Moving Averages act as resistance from above and support from below. Don't try to buy moving average crossovers. This strategy no longer works in stocks. It may work for ultra short term scalping in commodities and other leverage securities but the average person does not have enough capital to compete with the

professionals that execute this strategy.

6.) **Don't chase a stock if the stock has moved past your initial entry by more than a specified amount.** Markets will almost always reverse the minute you enter and if it's a long way to the original entry price, you're could get badly burned very quickly. Be smart and sit on your hands if you miss the proper entry price.

7.) **99% of the time exhaustion gaps are filled (i.e. island reversal patterns).** Breakaway & continuation gaps are not always filled for a long time. Trade in the direction of gap support when possible. Wait for a gap fill prior to entering your trade if the gap was a "standard gap."

8.) **Trends usually test the previous support or resistance prior to continuing.** Enter at these levels on a pull back even if it its difficult for you. Use Fibonacci tools in order to predict where these pull backs should conclude.

9.) **Trade with the TICK not against it because when you are wrong you will get burned.** Follow the flow of money in the over -all market. The exception to this is when trading a high volume penny stock since these stocks have very little correlation to the overall market, but be warned that when the overall market is down more than 2.5%, 99% of stocks will become correlated to the indices. In times of chaos or extreme uncertainty which doesn't allow you to follow your plan, get out of penny stocks immediately.

10.) **If you have to look too hard at the chart, what you are looking for is not there.** The patterns should be obvious once you know what to look for. While the superior patterns don't occur as frequently, you can reduce you position size on lower probability setups and have a shot at increasing your monthly returns with a similar level of risk.

11.) **Sell the failure of a stock to break above the second high (double top), buy the failure of a stock to break below the second low (double bottom).** After sharp pullbacks, the first test of any high or low almost always meets significant resistance. Look for the break (breakdown) on the third or fourth attempt. Triple tops (bottoms) are much less common than double tops (bottoms).

12.) **The trend is your friend in the last hour. When volume increases at 3:00pm don't expect anything to change.** Institutions usually place their trades into the close. Since they take large positions it's unlikely large price movements at this time of day are fake outs.

13.) **Avoid entering trades during the first 5-15 minutes after the open.** Stocks rarely trend during this time and usually make false moves. The exceptions to this rule are over extensions and gap trades.

14.) **Downtrends usually reverse after topping action, two lower highs and then a double bottom.**

15.) **Bulls live above the 200 day, bears live below. Sellers eat up rallies below this key moving average line and buyers to come to the rescue above it.** Don't actually trade off these moving averages since the noise around them will chop you up and eat you alive. Just use them as a gauge as to the current market sentiment: long or short. The moving averages that I use in my trading system will work much better than anything mainstream that you've ever seen.

16.) **In general the price of a stock has memory.** What happened the last time price hit a specific level? Chances are it will do it again at least the first time it gets back to this same level. After the 2nd attempt all bets are off so plan accordingly and remain disciplined.

17.) **Giant volume usually signals a change in trend.** Capitulation and blow offs usually result in consolidation or sideways price action and choppiness. Monitor changes in volume to find market turning points.

18.) **Trends never reverse quickly but tops are very defined.** Reversals take time to build and result in specific patterns. The first big drop almost always finds buyers and the first spike almost always finds sellers.

19.) **Bottoms take much longer to form than tops in general because many waves of buyers must be shaken out prior to a true bottom forming.** Fear affects buyers more quickly than greed and causes most stocks to drop fast.

20.) **Beat the herd into the trade and on exiting.** You have to take their money before they take yours because trading is a zero sum game! One person always wins and one person always loses. Don't be on the losing end. Learn to execute your trades efficiently. Use a direct access brokers. Forget retail brokers if you can afford to. These brokers are made for buy and hold trading and even then they suck! They will give you poor executions and in penny stocks and you will lose a lot more money. On top of this people have the misconception that Some retail brokers commission rates at \$7.00 or \$10.00 per side are cheap. This is not true because most direct access brokers charge \$5.00 or less.

CHAPTER 8

My Personal Trading Setup



The picture above is of my personal trading computer. While it's true you don't need more than one monitors to trade successfully using my strategy, it sure makes things a lot easier when you don't have to switch back and forth between different software. I started out with just one laptop back in 2002, but later added more and more monitors and a desktop computer as I got better at trading and began earning serious money. I have four 20" widescreen Acer v193w

LCD monitors, one 20" Viewsonic monitor and one 16 inch laptop. Four of my monitors are mounted using a quad monitor stand and one of the monitors sits on a monitor stand above my laptop.

I use a custom built computer (which is not shown in the picture) which has an NVIDIA NVS 420 graphics card. This is a quad output card which allows me to connect four monitors to my desktop computer. I also connect a fifth Viewsonic monitor to my Dell Inspiron's external monitor output for a dual display on my laptop. Originally I tried buying two separate dual output graphics cards (one PCI-Express and one PCI) and configured them in Windows 7 but I could never get them to work together (they constantly gave me a blue screen of death), so I decided to spend the money for a Quad graphics card, and I have never been happier.

Although it may seem like a big investment to buy this hardware, once you become successful at trading, you soon will realize that you can potentially make literally thousands of dollars in minutes. When this occurs you will find spending a few hundred here and there is next to nothing. When you begin to earn thousands you really will start to wonder how you worked for \$25 an hour for so long!

CHAPTER 9

Warning: Consumer Alert!

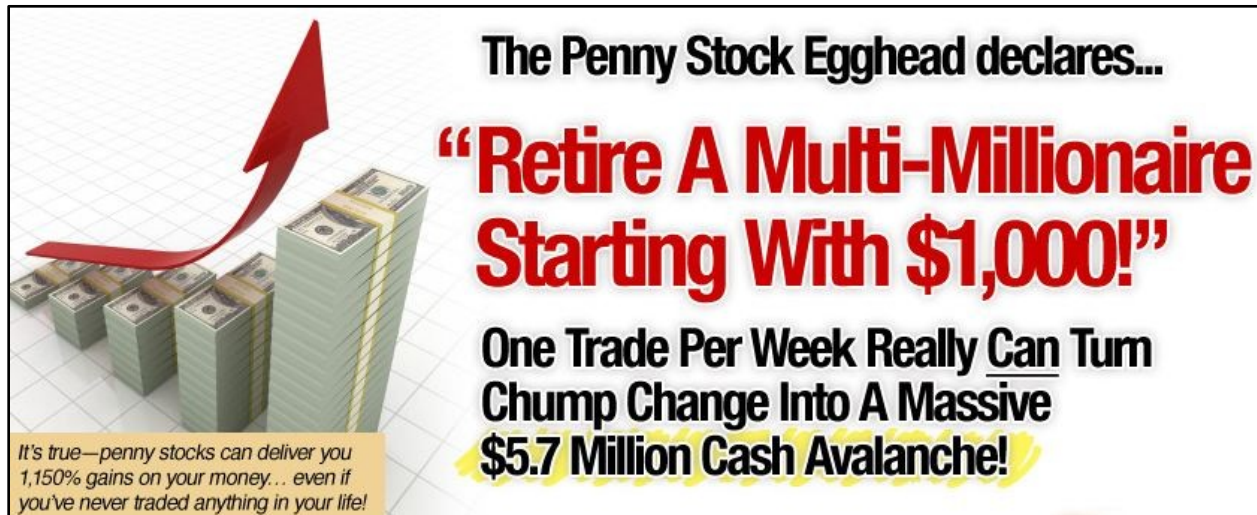


If you want outdated and useless trading methods that WILL cause you to lose a lot of money, then feel free to buy almost any penny stock trading product online. Honestly, I would not waste your money buying courses and books from shady individuals that make outrageous claims! The penny stock industry is full of people that earn a living by ripping off unsuspecting victims that don't know any better. These guru's don't make money actually trading for themselves, so instead they sell products to suckers. There are many so-called trading guru's that are trying to steal your money with bogus claims, false promises and severe misrepresentations.

They sometimes sell their alert services for \$50 to \$200 a month or more, and some people even give them away for free. Many of these people are stock promoters whom are paid thousands or even millions of dollars, to convince people to buy the worthless penny stocks that they are promoting for their clients to dump millions of shares that they own. The Penny Stock Prophet, Peter Leeds

and Penny stock Egghead are just a few rip-offs that come to mind. There are thousands of more of these people online.

The image below is exactly what I am talking about. DO NOT fall for this load of crap from these con men!



The Penny Stock Egghead declares...

“Retire A Multi-Millionaire Starting With \$1,000!”

One Trade Per Week Really Can Turn Chump Change Into A Massive **\$5.7 Million Cash Avalanche!**

It's true—penny stocks can deliver you 1,150% gains on your money... even if you've never traded anything in your life!

Many times guru's also offer their worthless trading DVD's for \$200-\$1000 and 99.9% of these are complete rip off's as well. They show basic strategies like buying when the 50 day moving average crosses the 200 day moving average or what is a candlestick chart. You can learn all this for free by searching Google, but the information isn't going to help you to profit in penny stocks anyway because as I mentioned "classical" technical analysis does not work anymore. Please be aware that in general you get what you pay for but in the penny stock industry it is a different story. You will most likely receive a worthless product at a HIGH price. These people price their products high in order to make prospective customers think that the information they are providing is very valuable, but in reality it is so far from the truth!

Out of hundreds of penny stock trading products I couldn't find anything that even came close to allowing people to make money through buying penny stocks in the short term. Most courses or books tell people to invest in penny stocks for the long term which is the **WORST THING YOU COULD EVER DO!** Don't ever listen to anyone that says you should invest long term in a penny stock because this is **awful advise!**

CHAPTER 10:

This Isn't For Everyone!

Since my trading strategy is completely unique and original and includes proprietary information, I am not interested in sharing it with many people. The main reason for this is that when a trading systems gets into the hands of too many people it eventually will become less profitable over time. The reason why this occurs is because people using it will try to figure out a way to front run other users, as the excess returns diminish. The market makers may also change their algorithms to fix the inefficiency which is allowing a person like myself to gain "an edge" and pull consistent profits from the penny stock market.

The Magic Question

I am sure a lot of people are wondering why I would share my profitable trading system rather than keeping it to myself. My answer is quite simple. I used to think exactly the same way as most people about this question. I soon learned the stock market does not pay traders daily, but instead pays out randomly. Therefore I don't know when the high probability setups will arise or how many opportunities will occur each month. What I do know is that these trades occur month after month, and I have learned secure income is important, so I am willing to share my penny stock trading system with people that want to learn to trade profitably.

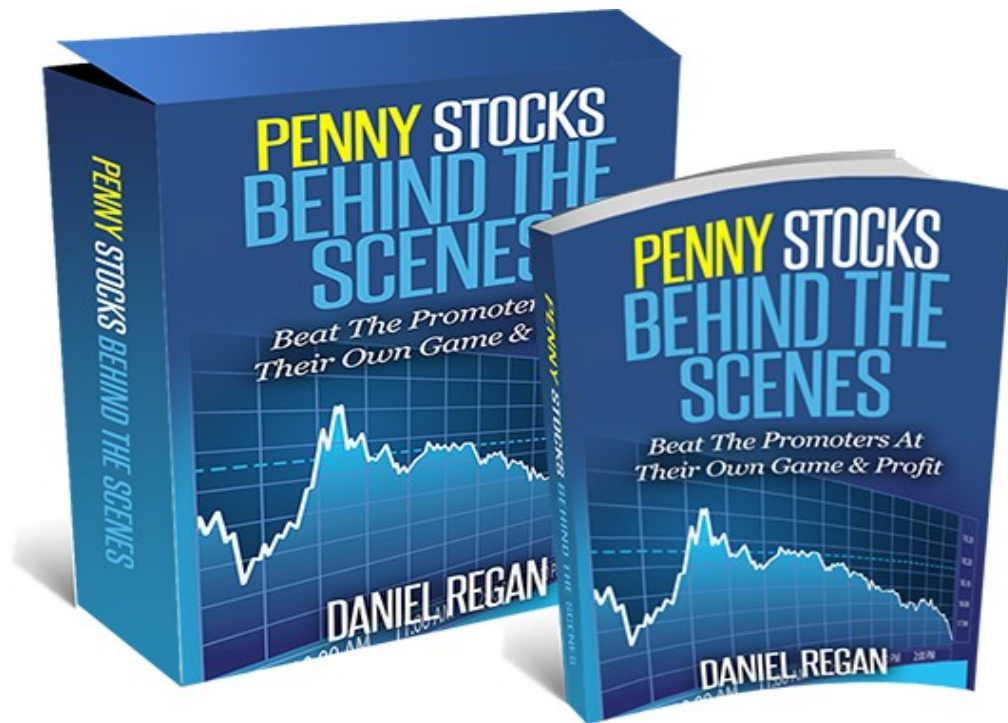
No exaggeration, the information I am going to provide you is **LITTERALLY** worth tens of thousands of dollars, but I hate to see so many uninformed people lose all of their money to the crooks involved in this market. I have been

successful in trading and I want to give back, and help educate you and show that it is possible to consistently make money in the stock market if you know what you are doing. If you are serious about learning then keep reading. If you think you can "try out" the penny stock market think again because you have to be serious or you won't get anywhere! If you are just looking to get rich quick please stop reading right now as well.

My main penny stock trading strategy can generate several trades each week and I have to admit it is quite rewarding knowing that the profits just keep coming in month after month. This could become a nice source of income just for spending a relatively small amount of time involved in penny stocks, but please realize it will take some time to learn. Additional trading strategies that I utilize will work in all asset classes such as stocks, bonds, futures, options and forex, not just penny stocks. These are the strategies that I use on a daily basis to earn a living in the markets. My main strategy alone helps earn the equivalent of full time salary while only working several hours per month, so it's definitely worthwhile but you must be dedicated to learning or this is certainly not for you!

CHAPTER 11:

Final Thoughts



Penny Stocks Behind The Scenes: Beat The Promoters At Their Own Game & Profit is a unique trading course and e-book that will take you from a complete novice to a successful trader in the shortest period of time possible.

"Your Ebook Was The Best I Have Ever Read"

"I started looking for a way to learn to trade penny stocks and came across your website. I have to say your ebook was the best I have ever read and it was exactly what I have been looking for! It is worth every penny you charge for your information. Thank you. If anyone is looking for an informative ebook that I think is ingenious I would recommend this ebook."

-Pat

Inside You Will Learn:

- How I find penny stocks that are primed to make huge gains.
- Advanced technical analysis and how to read charts effectively.
- How to configure my proprietary trading system to time the market.
- How I use money management to minimize my risk and maximize returns.
- How to develop a fool proof trading plan to earn consistent profits.
- How to understand market psychology and use it to your advantage.
- The best online brokers, trading software and trading tools used to profit.
- My daily routine that I've used to trade full time for a living since 2002.
- So much more I can't even begin to list it all...

Whats Included:

- ✓ *Comprehensive Guide To Getting Started*
- ✓ *Detailed 150 Page E-book (Ipad, Kindle, Android, Etc)*
- ✓ *Extensive Tool For Proper Money Management*
- ✓ *Useful Audio Based Trade Alert System!*
- ✓ *The Largest List Of Stock Promoters Ever Created*
- ✓ *(Works On Both Windows and Mac Based Computers)*

Bonus



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A GREAT WAY TO:

- ✓ Study While On The Go!
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Testimonials:

"A Well Thought Out And Very Descriptive Book"

"Penny Stocks Behind The Scenes was a well thought out and very descriptive book on all that is required to focus on successfully trading penny stocks. Dan does a great job breaking down technical analysis, chart patterns and money management for beginners. Then he gets deep into strategies on how these stocks normally play out and how you and I should bank on them successfully. Most importantly, Dan shares with us the over all understandings of a successful trader. This book has something for everyone"

-Ganesh

"This Book Is Like Caviar For A Really Good Price!"

"Dan, I simply loved your book and learned so much from it. What I liked most about it is that it helped to answer many questions that I had for a long time. I read through it once and for sure with zero exaggeration I will read it three or four more times to record all the valuable information in my mind. The book is very well done, and there is no need to think about buying it, just buy it and you will enjoy it. This book is like caviar for a really good price. Thanks again and I am very happy I bought your book!"

-Krystian

"90% Of The Time I Have Gone Against Your System I Lost Money!"

"Thanks for the great course, I really enjoyed it. It has completely changed the way I view penny stocks. Before I felt like a calf in the bull pen and now I feel like I have some big horns! Most importantly, my confidence in my ability is higher than it has ever been. The odd thing is I have made the most money applying your trading system to the option market, and I am up several thousand this week after using some of your advanced technical analysis methods." 90% of the time I have gone against your system I have lost money. This confidence has allowed me to withdraw a few hundred thousand from my managed brokerage account and start managing it on my own, and I am already doing twice as well."

-Adam

"Expand Your Knowledge Of the Penny Stock Market"

"This book is a quick read with an in-depth technical analysis overview." I recommend using this book to expand your knowledge of the penny stock market in order to increase your profits and minimize losses. Thanks!

-Jason

"It Really Opened My Eyes"

"I have been trading for 3 years now so I am not a beginner but I have to say that this book is awesome! It really opened my eyes on some topics. This book is full of hot tips which all traders will find useful. Thank you!"

-Seno

"Required Reading For All Beginning Traders!"

"This book should be required reading for all beginning traders! There is some excellent information given and some good tips. Even veteran penny stock traders could pick up some useful tips. I wish I would have had something like this when I started trading."

-Scott

"I Found The Book To Be Very Informative"

"I am new to trading but I found this book to be very informative. I think it is great for beginners!"

-Keshia

"Unique And Valuable"

"I found the information in this book to be unique and valuable. The author is very helpful. Greak book!"

-Paul

"Worth So Much More Than The Cost"

"This is a great book with tons of detailed information." It is worth so much more than the cost!"

-Mirsad

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