

PENNY STOCKS BEHIND THE SCENES

A Glance Into The World Of Penny Stocks



DANIEL REGAN

PENNY STOCKS BEHIND THE SCENES:

BEAT THE PROMOTERS AT THEIR OWN GAME & PROFIT

by

Daniel Regan

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PREFACE

CONGRATULATIONS!

You have taken a critical step. You have stumbled upon an actual method of profiting in the stock market consistently. Whether you choose to embark on the journey to consistent profitability is entirely up to you. It will take some time but will be completely worthwhile if you are serious about becoming a consistently profitable trader. What's not to like about learning the skills and the knowledge needed to earn thousands of dollars in the financial markets and ultimately take control of your life and financial freedom? Getting involved in trading can be truly life changing for those that manage to beat the learning curve.

There are hundreds of products and services available online which claim to turn you into a stock market expert in a short period. The truth is, the chance of overnight success in the stock market is completely a myth, so I suggest you ignore all these touts. They'll make you believe that the penny stock market is the answer to all your problems. They'll tell you that you only need a few hundred dollars to get started and they'll make false promises about the fact that trading is easy and anybody can do it with little effort. Essentially, they'll play with your emotions, and if you fall for their lies, unfortunately, you will have nobody to blame but yourself.

Fortunately, if you are serious about learning to trade, and willing to put in a bit of time, you have the potential to learn an actual trading system with a statistical edge. The key to winning in this game is to educate yourself properly so that you learn to manage your risk and stay involved in the markets for the long term. This book is a stepping stone that will point you in the right direction.

INTRODUCTION

Why Do I 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 knowledge about the skill set, trading tools, and other tactics that are required to be successful. Everyone seems to have heard of someone who made thousands of dollars in penny stocks, and naturally, they want to do the same.

The fact of the matter is penny stocks can make incredible percentage moves which put the majority of other 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 profitable trade, there's no better feeling in the world, but I must warn you that the road to profiting consistently in the penny stock market isn't some get the rich quick scheme. These false beliefs are the primary reason that so many people fail.

The key to consistent profits in penny stocks or any market for that matter is to extract small to medium size profits consistently and compound your profits. The good news is it's absolutely possible to do this once you separate yourself from the large group of get-rich-quick seekers looking for overnight success.

Although trading penny stocks becomes fairly straight forward once you know what you are doing, it's not something you are going to learn instantly. If you think you are going to start trading today with \$300 and become a millionaire by next week, you are completely delusional, and you need to think again. Many so-called "guru's" will try to convince you that you can do this, but I can assure you they are lying so that they can sell you a product and make themselves rich at your expense. Everyone wants to jump into trading head first, but the truth is the stock market will eat you alive if you get involved without arming yourself with the correct knowledge before you put real money on the line. With that said, it's most certainly worthwhile to learn to trade, but you MUST be smart about the approach that you take.

Picture This ...

Imagine waking up and finding out that today will be one of your monthly paydays. The difference between this paycheck and the one you receive from your full-time job will be a 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 set up correctly and will enter several keystrokes through your brokerage account. Most of the time you will spend only 30-90 minutes (sometimes even less) monitoring your trading system and then if you want you can call it a day, typically walking away with several thousand dollars or even much more in profits each time. This is the lifestyle that we all deserve, and it will become a reality when you understand how the penny stock market actually operates.

My name's Dan, and I started trading penny stocks around January of 2002 and became profitable in March of 2004. I can definitely say that learning to trade without a methodology to use as a guide, is not easy and I really don't suggest it since you will lose a lot of money before you become successful (if you ever even do). If you learn a proven system like the one I use, you should be able to lower the learn curve and become profitable much quicker than I did. I am technical trader which means I trade based off of advanced technical analysis and chart reading, but I don't use indicators with standard settings like you will find on sites like stockcharts.com, in your online broker's trading platform, or that the majority of unsuccessful traders online are using.

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 will even classify stocks under \$15.00 as penny stocks. This may sound strange but let me explain why this is. It's not so much the price per share which defines whether a stock should be considered a penny stock, but rather the volatility of the stocks, which defines how quickly they move up or down. Penny stocks have a high level of volatility and can make significant moves very quickly, unlike the stocks of established companies which typically move rather slowly. For this reason, there are several types of penny stocks that traders usually focus on. The first are listed penny stocks which trade on what is referred to as the big board exchange, the NASDAQ (National Association of Securities Dealers Automated Quotations), the NYSE (New York Stock Exchange) and the AMEX (American Stock Exchange).

True penny stocks actually trade on the OTC Market (Over the Counter Market) which are also known as the OTCBB and the Pink Sheet Stocks, however this market is now referred to as OTCBQX). There are 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. The second type are stocks that trade for less than \$.01. These are called sub-penny stocks, and contrary to the belief, sub-penny stocks are NOT good to trade, unless you enjoy losing money. 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 have very little trading volume, and the chance of profiting in them consistently is near zero.

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

Market Players



Smart retail traders that figure out the secrets of the penny stock market can take part in this game and learn to extract their fair share of profits. The key is to realize that you must compete with these other individuals, which means trading is NOT a game. If you are looking for a new hobby, I suggest you join a kickball league instead, unless of course, you don't mind throwing away your hard-earned money. While trading certainly can start this way, you will quickly learn that it requires more of a focus.

What Is the Penny Stock Market?

The penny stock market is not what it seems. Penny stocks are the worst publicly traded companies in the financial markets, many of which are not even real companies. I will go as far to say that a majority are just straight up frauds which have only one employee and whose business address is an abandoned warehouse, UPS Store mailbox address, or even some poor guy's parents basement (yes I have actually witnessed a penny stock like this back in 2011). Since the regulations in the penny stock market are very low, these companies typically don't have to report too much financial data with the regulatory agencies known as the SEC and FINRA. 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. 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 shell corporations. They have no earnings, no revenues, and no cash on their balance sheet. They also don't produce any products or provide any services, but try to make unsuspecting people believe that they do! These are some of the world's worst companies, yet their stock prices sometimes rise as much as 1000% 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 what's going on behind the scenes, you no longer will fear penny stocks but instead, embrace them for the tremendous opportunities that they present.

Why Do Most People Lose?

Most people that get involved in the penny stock market lose everything because they don't understand what they are getting themselves involved in. They have no idea how much of an advantage the key players have over everyone else. 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 uninformed person, 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. 99% of the time these people will lose everything very quickly and the longer they hold onto these worthless investments, the higher the chance that the value of their investments will decline to zero. The penny stock market thrives on these suckers because stealing three hundred or a few thousand dollars over and over again from thousands of people, adds up to significant profits over time.

You may run across a person online or in 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 penny stock that they own is the real deal. These people are straight up suckers, and the reality is these are the type of people whom you must learn to take advantage of if you want to make money in the stock market.

The average un-informed, but a rich fool with a few hundred thousand dollars in their brokerage account, will also lose everything. It doesn't matter how intelligent they are, because the penny stock market is set up in a way to steal every last penny from outsiders. The worst thing that most people do is they underestimate the penny stock market. 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 in the long term (10+ years) with an acceptable level of risk. On the other hand, without pure luck, it's near 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 will lose everything I can guarantee! Yes, once in a great while a penny stock will shoot up from \$.10 to \$50.00, but the chance of this is extremely low. In the last fifteen years I have only seen a few penny stocks that did this, but none held on to their gains for more than a few weeks. Today these same stocks trade for pennies or are bankrupt. So even if a person gets incredibly lucky, they will have no idea when to sell their penny stock and will most likely end up losing all the profits and then some due to a lack of trading knowledge and greed.

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 for orphan drug status. The second penny stock MXC was an oil stock with an ultra-low-float (which means the number of tradable shares was very low), 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 pinpoint your exits, you would have lost all your profits if you invested in them.

Out of approximately 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 billions in profits or a drug that was going to generate billions in sales, a financial firm such as a hedge fund or a large Pharmaceutical company would buy them out immediately. This is the way that legitimate companies operate. This almost NEVER occurs with penny stocks, which tells you most people have a complete misunderstanding 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 an excellent comparison of an uninformed novice that decides to get involved in the penny stock market without first thoroughly educating themselves about the challenges they will face and how to overcome them.



Many outsiders think that they are entering a fair game, but they are sadly mistaken. They think they can just identify 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 large established blue chips stocks 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 penny stock companies is exaggerated or even completely fictitious. To begin to make money in penny stocks, you must put yourself from the herd of uninformed people and start to have reasonable expectations!

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 penny stock investors. They know if you are quick and knowledgeable about specific high probability situations that arise, you can extract large sums of money out of the penny stock market 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 a few million dollars 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 all worthless companies with no earnings and no chance of ever turning a profit. Doing so is actually a waste of your time and disadvantageous to yourself if you start to believe the lies that these penny stock companies will tell the public. 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. Doing so would be foolish, and you will end up a loser like the rest of the crowd. Rather I am suggesting spending your time more wisely by educating yourself before you ever put real money on the line. A general rule of thumb that all traders should live by is that stocks are merely stock ticker symbols and nothing more. It's imperative that you learn to trade the ticker and ignore everything else when it comes to penny stocks.

There is no denying the fact that penny stocks can be 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. Most people don't have the patience and discipline to wait for these perfect situations, and that is why they lose money again and again. At these times it is possible to jump into the market with large positions and be quickly rewarded for taking on the risk of holding volatile penny stocks. I want to emphasize larger positions because **trading commissions** (the price the broker charges to execute your buy or sell orders), **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 actually price you can buy a stock at and the price you can sell a stock at) 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. The only exception to this rule is when you first go live after practicing on a simulator first. In this situation it is advantageous to use a small amount of money.

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. Remember basically everyone knows nothing about how the market functions so you are almost certainly getting poor advice if you take tips from the majority of people. Always remember 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.

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 \$10,000 into a couple million, but all these people did this during the Dot Com bubble in late 1999 to 2001 when literally all stocks went up every single day. On top of this \$10,000 is significantly more than a few hundred that most people think they can start out with. 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 trade during the same trading day 9:30 AM EST to 4:00 PM EST) made a lot of money, but most lost everything because they **swing traded** (holding positions overnight typically for several days to a month) or **position traded** (holding positions for one month to one year) 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 as they did during this time. They may earn millions of dollars now selling their success stories of how they turned a several thousand into a few million, 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 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 several hundred thousand dollars. 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 should be able to achieve fairly quickly if they have a decent amount of money in their brokerage account.

To give you an idea of the **profit potential** for people with smaller accounts, here are a few of my smaller trades. Notice the position sizes on these particular trades are very small relative to the dollar gains, which mean 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 most.

Today I take much larger positions sometimes as much as \$150,000-\$300,000 with the potential for much bigger profits, but you really need to be realistic. Something important to realize about the profit potential is that each person's outcome in trading is completely unique and you should never try to compare yourself to somebody else. If you see a person online who posts a \$25,000 profit this is most likely because this person took for example a \$100,000 position and got a 25% return. If you are only trading with \$2,500 account please do the math about what a 25% return would be. That would result in a \$500 profit for you. Obviously \$500 is still a great profit to earn in minutes or hours, but you need to have reasonable expectations about profits based on how much money you have to trade with and also how much you are willing to risk on any given trade. I utilize a trading system that works for not only penny stocks, but also higher-priced stocks as well as other asset classes like cryptocurrencies. Over time your account will grow exponentially and you'll certainly have a chance to make huge profits, but this probably isn't going to happen immediately unless you take huge risks from the start and get lucky.

▲ \$990 profit KTOV

	Date	Price
Entry	01/15/19	2.26
Exit	01/15/19	2.48
Position Size		4500
Percentage		9.70%



▲ \$1123 profit BFLX

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



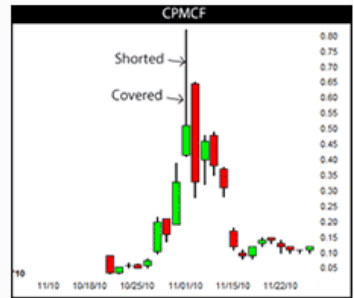
▲ \$1164 profit CEYY

	Date	Price
Entry	04/19/11	.2565
Exit	04/21/11	.3176
Position Size		20000
Percentage		23.82%



▲ \$825 profit CPMCF

	Date	Price
Entry	04/19/11	.7025
Exit	04/19/11	.6200
Position Size		10000
Percentage		11.74%



CHAPTER 2

Modern Technical Analysis

Technical analysis is a way to assess the prices of stocks by utilizing charts based on the price and volume data. People that rely on technical analysis (a.k.a technical analysts) attempt to predict the future short-term price direction of a stock by focusing on historical prices and other variables such as human psychology which are a considerable part of stock price movement. By analyzing the way the average person thinks, it's actually possible to place trades which capitalize on the emotional decisions that the majority of people make. When you know how other market participants think and how the computer market making algorithms function, it's possible to place trades to capitalize off other peoples decisions.

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 almost no companies have any real value since they are unprofitable and are in an exploratory stage with no operations. In my own trading most of the technical indicators I use are nothing out of the ordinary, but the custom settings are proprietary and very few people know about them. Profiting in penny stocks requires differentiating yourself from the majority of other market participants which is what is known as **the herd**. This is why following most people's advice is a bad idea since most people are just following the next guy.

Why I Like Short Term Trading

I prefer day trading but also hold stocks overnight for a few days (which is called swing trading) if the risk of a given trade allows 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. Every new trader must determine a trading style which suits them and fits their lifestyle and personality. There is no one size fits all trading approach that everyone can use.

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 extremely important than when you hold a position for several days or months. The reason for this is that market makers (people employed by the big financial institutions like Goldman SAC's or High-

Frequency trading firms (HFT'S) like Citadel, don't want you to make money. These people employ computer systems which buy on the **bid** and sell on the **ask** (unlike everyone else who typically must buy on the ask and sell on the bid), effectively capturing the bid-ask spread. If it becomes easy or predictable to earn a profit in the stock market, the job of these professional traders becomes more difficult, and their companies lose money.

Don't forget that there is a long (a person who buys) and a short (a person who sells) on every trade, and one will ALWAYS win or lose. The market mechanism does not work otherwise because money cannot be pulled out of thin air! Surprisingly some people are not aware of this simple fact. Obviously, market makers 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 trade 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 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 A.M. to 4:00 P.M. Eastern Time standard), the window for profitable trading is much less. Everyone that is new to the market thinks you either have to be invested in the market at all times, or you have to buy and hold for months or years. When it comes to penny stocks, this is completely wrong and this belief 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 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 once in a while, 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 indeed what leads to profitable trading.

My Methodology

I read stock charts looking for familiar and unique chart patterns and place trades based off of a group of technical indicators. When combined, these indicators 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 significant 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 penny stocks. I find it works a majority of the time so that I can earn profit 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 a big reason why most people fail. Most people take profits way too early and hold losers for way too long, effectively destroying any chance to earn consistent profits. Therefore, it's best to pay more attention to your max loss on a trade, more so than your max profit. Unfortunately most new traders do the exact opposite and see other traders making big money and only consider the upside. 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 use to "game the markets." My buy and sell decisions are based on 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 which is also known as trading based on your "gut". Most people are either discretionary investors with absolutely no clue what they are doing, or they are discretionary traders who may have knowledge of fundamental or technical analysis and other factors that affect stock price movements, but don't have a defined plan. Neither of these groups of people makes 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. If you trade off hunches or stock tips that you got from some clown on CNBC like Jim Cramer or the fast money crew, you are making discretionary decisions. While some people learn to trade this way, it takes many years and thousands of dollars in losses before they finally figure it out. In my experience, this is a poor use of time and it's not worth going this route.

In general, three out four stocks follow the overall market, and for this reason, when the market rises, there's almost always going to be people with **paper profits**. The problem with this type of profits is that they aren't "real" until the trade is closed out and the profit is "locked in" or realized. 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.

What is a trading plan?

A trading plan tells you how to find stocks to trade, when to enter, when to exit, how much money to invest in a trade and how much to risk to accept 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 expected. The key market players and the algos that they employ are in fact watching every move the average person makes, and they will take all your money if you let them.

I find very few people can trade successfully using fully discretionary systems. The reason for this is because 99 percent 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 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 using borrowed money. This is how people get stuck in a stock and have to hope and pray it comes back to their entry. The reality is it rarely will come back, or it may take months or even years and in the process lock up your money preventing you from partaking in other trading opportunities. This is how new traders typically end up as long-term investors and ultimately, never have a chance to progress as a trader. Penny stocks are poor long-term investments, period.

CHAPTER 3

Why Is Classical Technical Analysis Dead?

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, Williams percent R, Accumulation Distribution, and many more indicators with default settings. Tons of people on social networks like Twitter and Facebook show their 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 percent of these people are straight up lying. For instance, 99 percent 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 oversold 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, YouTube and in hundreds of trading books on places like Amazon, eBay and other websites.

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 significant 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 fundamental concept in trading is called support and resistance. This is one of the only "classical" types of technical analysis which still works today however it's not that cut and dry like it used to be. I'll explain more about this in a bit but first I want to actually go over what this concept actually is.

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 essential in trading and will most likely always be.

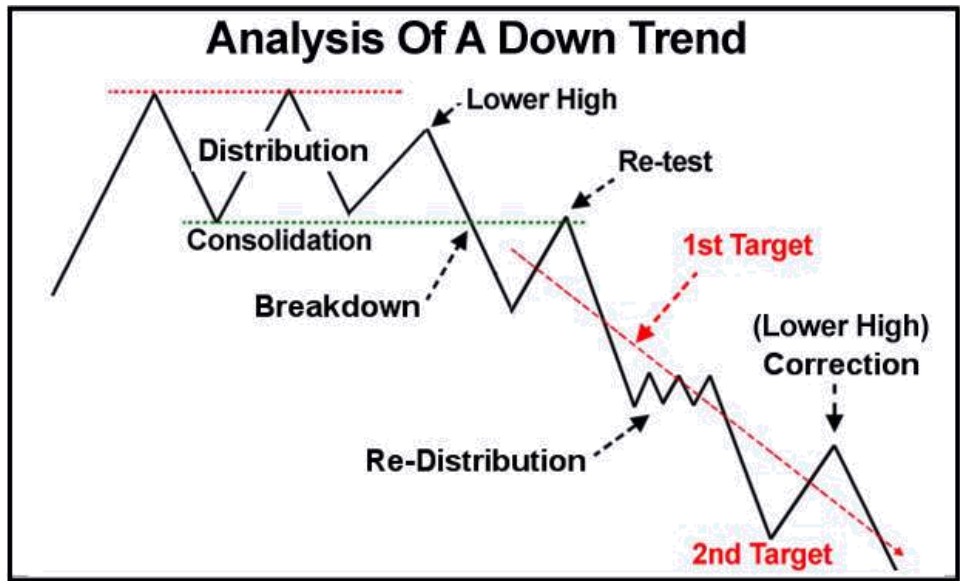
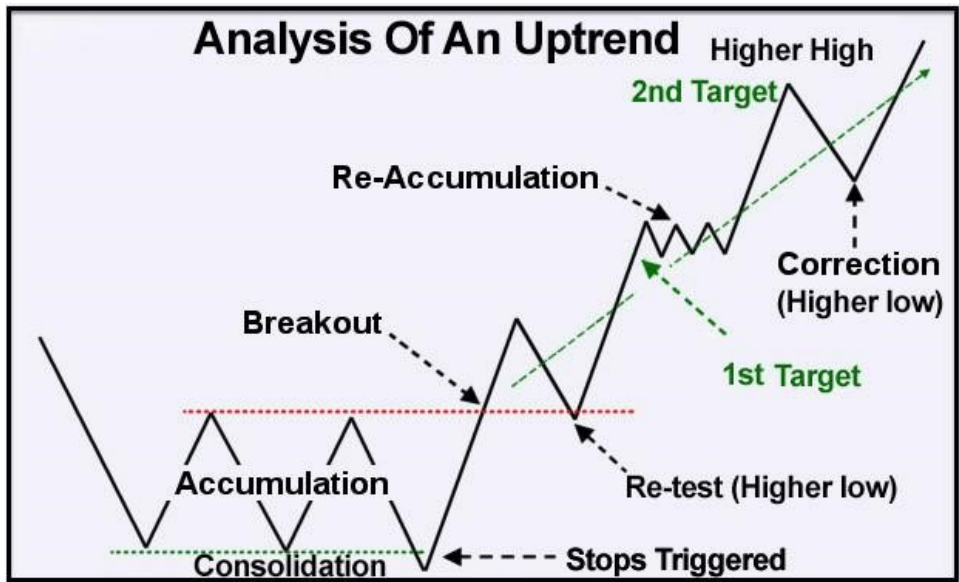
This concept plays a significant role in shaping "the market's framework" because so many people are focused on these "price levels" that they actually become significant, which is a major premise behind technical analysis as a whole.

Unfortunately there is a lot of "noise" in the market today so support and resistance cannot be thought of as a specific price but rather a zone or a range. If for example you expect a stock to be supported at \$1.50 per share there is a chance it may drop through support to \$1.35 before rallying back above support at \$1.50. If you aren't careful to place your stop loss at the proper level you will be stopped out of your trade for a loss nearly every time today due to the noise. The same goes for resistance levels. 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

An 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 repurchase the shares 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 the 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), 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 minimal amount of borrowable shares. The simple fact is that 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 challenging 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 them adds up to over \$40,000! If you don't have at least \$40,000 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. I would estimate you can short sell about 70 percent of the pump and dumps that occur if you have all 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 percent 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 percent 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 500-1000 percent in 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 given the name a "short squeeze." Short sellers can get "squeezed" very hard at times because lots of shorts 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 original owner).

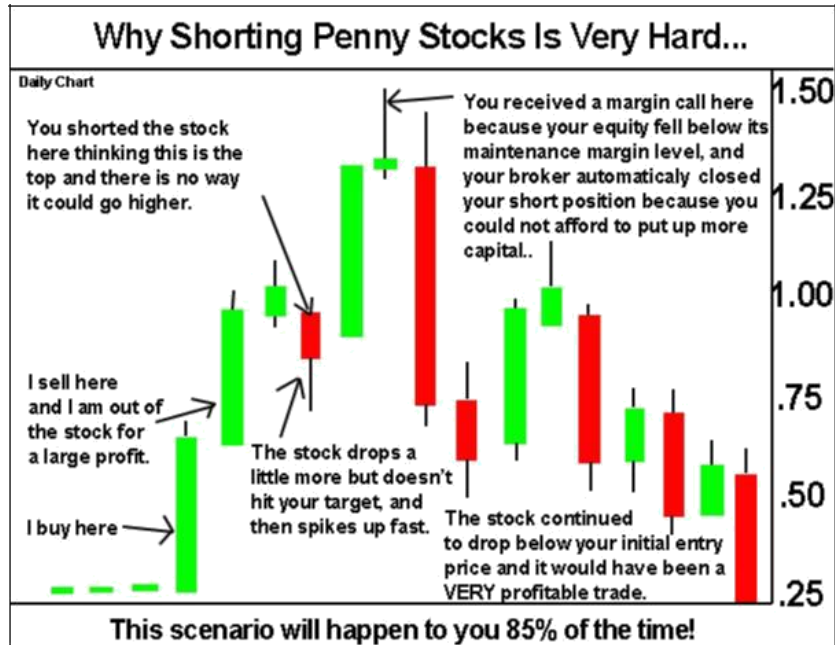
When you are short, and the stock goes in the wrong direction, the equity in your account will drop. If it drops below 30 percent of the initial amount you deposited (which is referred to as the maintenance margin level), your broker will issue a margin call which means you must deposit more money into your account to bring your equity back up to 50 percent. 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 risen 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. 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 cover your trade immediately or they will do it for you at the current market price. As I mentioned pump and dumps could sometimes last for weeks. 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 occurs after you have held a stock for a couple of 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 take a big loss potentially. 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 buy 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 huge losses!

Some people 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 hundred or a couple thousand dollars and that it's easy to sell penny stocks short. 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 figure below



Instead of trying to short sell OTC penny stocks, I suggest people focus on short selling stocks in the \$2.00 to \$15.00 range which trade on the small cap exchange I mentioned earlier. 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 (long and short) or else they will miss out on a lot of opportunities. Even if you don't immediately start out short selling, I highly 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 25 percent of the time. The rest of the time, I am a buyer. What I am referring to is that you must be making trading decisions which conflict with the general public's consensus so that you are entering and exiting at different times from the majority of other losers.

"**The herd**" is defined as the majority of the people on one side of the market (long or short a stock). Since 95 percent 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 for \$2.99 and think they are going to become a millionaire from using a moving average crossover strategy, because some person in the 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 Steve Nison or a guy like John Bollinger 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 financial markets. Seriously!

Thousands of trading gurus online 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 percent of the time. They show historic back tests which seem to provide evidence that these strategies are a full 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. Thirty 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 using this indicator like this is useless and will cause you to lose.

None the less stock, gurus are making millions by convincing people that their system is all that is holding these people back from quitting their full-time job, purchasing a Ferrari, and trading from a laptop on the beach in 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 drawdowns which are inevitable in trading. 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 generally be at least 1.5 to 2 times larger than the expected risk, or else your win rate must be greater than 50 percent, meaning you win on more than one out of two trades on average.

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 technicals, 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 in the short term. 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 advice and take matters into your own hands and become a **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.

CHAPTER 4

What Is A Technical Trading System?

The technical trading system I use is called the Buy/Sell Zones. A stock ticker symbol can be entered into the system, and in about three 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 70 percent of the time. Fortunately, my system is right more than it is wrong, which is more than enough to lower your risk and earn consistent profits. 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 average price movement for not only penny stocks but also big board stocks (NYSE, NASDAQ, and AMEX), bonds, options, futures or forex or even cryptocurrencies, and determine if right now is the optimal time to place a trade.

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 on 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 trading system and see if it is worthwhile to follow a stock in hopes that it presents a potentially profitable opportunity.

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 on a chart, real technical trading systems should work in any market.

CHAPTER 5

Don't Fear Pump and Dumps

Although penny stocks are risky and can be dangerous if you do not know what to look for and how the game is played, they are an essential 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 from 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 the key market 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 500% move from \$.05 to \$.25 in 7 days, and then something miraculous occurred. One of the primary market makers, named Seaboard Securities Inc. (market maker ID: 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 then buyers caught on and pushed the stock higher. In just two days, the stock moved from \$.20 to \$.80. It was an incredible time for traders like me 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. My strategy 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 proper knowledge, it would have helped them understand what the penny stock market really is. 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.

CPMCF

One Of The Worlds Greatest Pump & Dumps Ever



CHAPTER 6

Learn This to Succeed:



Below is a listing of important topics you will need to learn. Although this isn't completely comprehensive, it is a good outline of important topics that every penny stock trader needs to figure out. If you stick with me you will know all of this information inside and out in a short period of time.

- 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 two 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, options and cryptocurrencies like Bitcoin: 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

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 the news will affect the 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 the 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 oversold 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 an important moving averages or sell (short) down into them. 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 using high-frequency algorithms from collocated servers at the exchanges.

6.) Don't chase a stock if the stock has moved past your initial entry by more than a small 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 percent of the time exhaustion gaps are filled (i.e. island reversal patterns). Breakaway and 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 is difficult for you. Use Fibonacci tools in order to predict where these pullbacks 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 overall 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 percent, 99 percent 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 to 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 your 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 places there trades into the close. Since they take large positions its 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 unless you are a scalper.** 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.** If you short the first big move without confirmation of a lower high or a double top of some sort, be ready to take profits immediately in the event that the trade goes your way. Stocks almost never put in a top without confirmation.

15.) **Bulls live above the VWAP and bears live below it. Sellers eat up rallies below this key level and buyers come to the rescue above it. Volume weighted average price has become an important tool in today's market.** You don't actually want to trade off the cross of this price level because the market noise will chop you up and eat you alive. Instead, just use it to measure the current market bias, so you know if you should be long or short.

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 second attempt all bets are off so plan accordingly and remain disciplined.

17.) **Massive volume usually signals a change in trend.** Capitulation and blow-off tops/bottoms usually result in consolidation or sideways price action and choppiness. Monitor changes in volume to find market turning points.

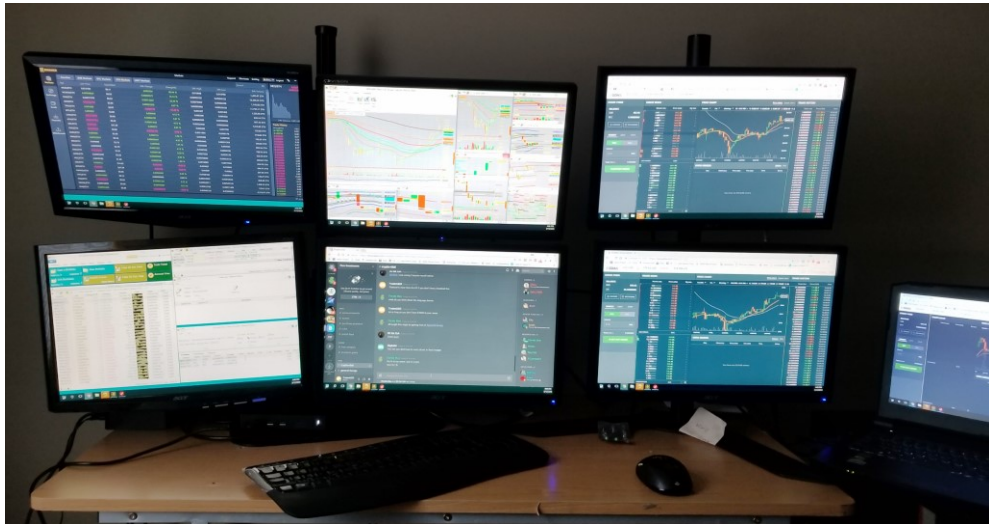
18.) **Trends never reverse quickly but tops are very defined.** Reversals take time to build and result in specific patterns. The first big drop almost always finds buyers and the first spike almost always finds sellers.

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 effects buyers more quickly than greed and causes most stocks to drop about four times faster than prices rise.

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 broker. 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 \$1.00-4.00 or less per side.

CHAPTER 8

My Trading Computer



The picture above is of my personal trading computer. While it's true you don't need more than one monitor or a laptop 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. Also the more monitors you have, the more stocks you can watch at one time which increases the amount of potential trading opportunities you can find. I started out with just one laptop, but later added 6 Acer monitors and a much faster trading computer when I began earning money.

I use a custom-built laptop which I purchased from tradingcomputers.com. The model is called the Falcon F-15 Pro. I am very happy with this laptop and the support that this company provides is top notch. (Please note I have no affiliation with this website).

I have four monitors mounted to a quad monitor stand, and two monitors mounted to a dual monitor stand. I have a Nvidia 1060 graphics card which has two mini display ports. My laptop also has one HDMI output that comes from the computer's internal graphics card. I also use a dell 3.0 USB docking station which has two additional HDMI ports and one display port. In general, Laptops don't usually support more than three monitors, but I was able to figure this workaround which lets me have 6 monitors plus the laptops screen, without the need for a desktop computer. Obviously a desktop is a little cheaper but when you like to travel to places like Asia or the Maldives like I do, it's advantageous to have a robust trading laptop.

The laptop has 32 GB of RAM and a one terabyte SSD hard drive which runs all my trading software smoothly with no lag of any kind. I also have an external 8 terabyte harddrive for my backups. I choose to use an external Microsoft wireless optical mouse and keyboard so that I have no need to use the laptop's keyboard and touchpad since I have found this can be detrimental. I also keep a wired keyboard and mouse just in case the batteries run out while I am in a trade.

Although it may seem like a significant investment to buy this hardware, once you become successful at trading, you soon will realize that you can potentially make thousands of dollars literally 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 in a single day, you really will start to wonder how you worked for \$25 an hour for so long!

You don't need this when you are paper trading or if you are just starting out with a small account, but as soon as you are breaking even or profiting a small amount I would suggest investing in this hardware. It will pay for itself 10X after just a short period of time and you'll soon realize how much nicer it is to look at multiple. I have been using multiple monitors now for more than 15 years and I would never go back to just one. Even when I am on the road I bring some USB portable monitors along so that I can trade more easily.

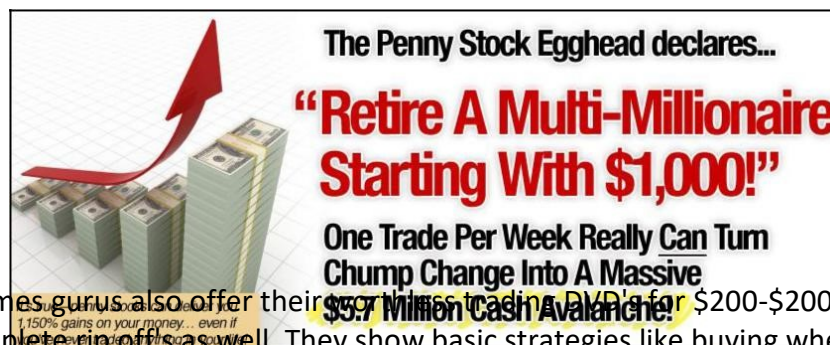
CHAPTER 9

Buyer Beware!



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. The penny stock industry is full of people that earn a living by ripping off unsuspecting victims that don't know any better. These people can't make money actually trading for themselves so instead, they sell products to their unsuspecting victims. 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. The Penny Stock Prophet, Peter Leeds and Penny stock Egghead are just a few rip-offs that come to mind. There are thousands more of these people online. Some of the most well-known people that often appear on television are some of the worst offenders.

The image below is exactly what I am talking about. DO NOT fall for this please!



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!

Many times gurus also offer their so-called trading DVD for \$200-\$2000 and 99.9% of these are a complete rip-off 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 and YouTube, but the information isn't going to help you to profit in penny stocks anyway because as I mentioned "classical" technical analysis is dead today.

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!

When I was starting out, of hundreds of penny stock trading products, I couldn't find anything that even came close to allowing me to learn to trade and start profiting. Most courses or books tell people to invest in penny stocks for the long term which is the WORST THING YOU COULD EVER DO! Alternatively they try to convince people to pay for some trading alert service even though it's near impossible to follow another person and make consistent profits in penny stocks. Don't ever listen to anyone that says you should invest in a penny stock long term because this is awful advice and you will truly regret it!

CHAPTER 10

Why Trading Isn't for Everyone!

Not everyone is cut out to be a trader from the start. Some people don't have the patience. Other people are too impulsive. Others are too risk adverse and the list goes on. The good news is that trading is a skill that any person can learn. Success at trading really comes down to having the passion and a willingness to overcome any obstacles that might end up in your way. Some people are naturally cut out from trading and these people may excel right from the beginning. The only way that you can tell if you are one of these people is to get involved and find out.

Since my trading course is entirely unique and original and includes proprietary information, I am not interested in sharing it with too 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 as more people utilize it, the share of potential profits decreases since all of the people utilizing it will have to fight with other users.

The Magic Question

I am sure many people are wondering why I would share my profitable trading system rather than keep it to myself. My answer is quite simple. Most people that are looking to learn to trade are not serious about trading. Trading takes some time to learn. The majority of people are lazy and will never spend the time needed to learn. For this reason, even though I am providing my profitable system, most people won't put it to use. I hope I am wrong but the fact is I use my trading system every day and it still works for me so it will work for you if you take trading seriously.

No exaggeration, the information I will provide you is **LITERALLY** 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 rigged market and even worse, I hate to see people give their hard earned money to internet marketers online who are masquerading as trading guru's. I have been successful in trading, and I want to give back and help educate people to 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 this course is for you.

CHAPTER 11

Conclusion

Most people will never learn to trade profitably, but I want to change that for you. If you are serious about learning to trade then I suggest you consider [Penny Stocks Behind the Scenes: Beat the Promoters At Their Own Game & Profit](#). This is a course and E-book that will teach you my unique strategy and technical trading system for trading penny stocks successfully. The trading system in this course is completely proprietary, and there is nothing else like it available online. This course explains the methods that I use to earn consistent profits. You will learn everything you need to set up my trading system exactly like I do.

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 I use to profit.
- My daily routine that I've used to trade full time since 2004.
- So much more I can't list it all here.

Here is a snapshot of my proprietary trading system:



Now if you have experience in trading, you may have seen some of the indicators I use before. Most, but not all, are standard technical indicators, but the settings I use to customize them are unique, and you will not find them anywhere else online for free or for sale. As I said before, customizing your indicators is essential to your success. I came up with them through literally thousands of hours of testing so you won't have to do it yourself. My system will provide a framework which will let you forecast the direction of a stock with great accuracy.

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)*

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DOWNLOAD A **FREE** AUDIOBOOK VERSION WITH YOUR PURCHASE

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- ✓ Supplement My E-book!

As a bonus offer, I am providing an audiobook as an added benefit to help you learn to trade more quickly. Please remember this is a complement to the E-book because the charts are essential to visualize the trading process. When you purchase, you will receive a separate link to download the MP3 file, which is over 5 hours long. This will most definitely help you learn more quickly!

Real Reviews From My Students:

I have thousands of students that have gone through my course and book. Many of them have sent me reviews through emails telling me I am crazy for providing my system to them, especially for such a low price. I have met a number of these people in real life and have developed friendships with many of them. Some have quit their full time six figure jobs to become traders. Others trade part time while working at their day jobs and double or even triple their salaries through trading. While these people probably are right I am crazy to provide my trading system, I feel it is my duty to help people that really want to learn to trade successfully.

"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."

-Patsy

"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

"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

NO RISK FOR YOU!

60 Day Money Back Guarantee!

Try out my course. Go through everything, and put the information that you learn to use. If you don't feel like I have provided exactly what I have stated, just let me know and I'll be happy to give you a refund. You can keep it anyways, so you really can't lose since there is essentially no risk for you!

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Fortunately, after thousands of sales my return rate is effectively 0%, so I am confident that my students have been fully satisfied. In fact, I am so confident that my course will help you to become a self-sufficient and profitable trader, that I am actually interested in having you send me a short review after you read it. I really like reviews and it would be greatly appreciated. In return I will provide an additional surprise bonus that will be very beneficial in your learning process.

Did You Know That:

If you're involved in penny stocks with no plan and no profitable trading system, you are making a huge mistake?

Do You Realize You're Risking Absolutely Everything?

I've been there, and believe me, losing is no fun. Instead, why not learn from someone who has been there and done that; someone who lost big but turned it around by deciphering how the market "really" works.

It's Time to Separate the Gamblers from the Pro's.

If you're looking to make a quick buck, look elsewhere. If you're ready to implement a system that's kept me in the black for the last fifteen years, you owe it to your bottom line to get my course and E-book today.

Here's What I Want to Do for You...

I want to help you make the penny stock market work for you. All I ask is that you're serious about your success.

Let Me Ask You One Final Question:

Do you want to bring in substantial profit month after month or would you rather struggle and most likely fail? It's completely up to you but if long-term wealth is important to you, and you want to make that money with penny stocks, there's just one button you need to click below.

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PS: I told you that you couldn't just try penny stocks, but I'm going to let you try this course. If you put down the money and follow the formula I've laid out for you, and if after two months you're not satisfied with your trading success, I'm happy to refund your money.

PSS: You'll be in a position to profit handsomely from the penny stock market – month, after month, after month. You'll finally be able to achieve success in the market that you always knew was possible – the success that has never materialized for you... Until now!

PSS: Now's your chance to make the market work for you and earn back all the money you've squandered and then some. There's really no risk to you with my 60-day money back guarantee. If you are ready to beat the learning curve just click get started now!

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