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INTRODUCTION

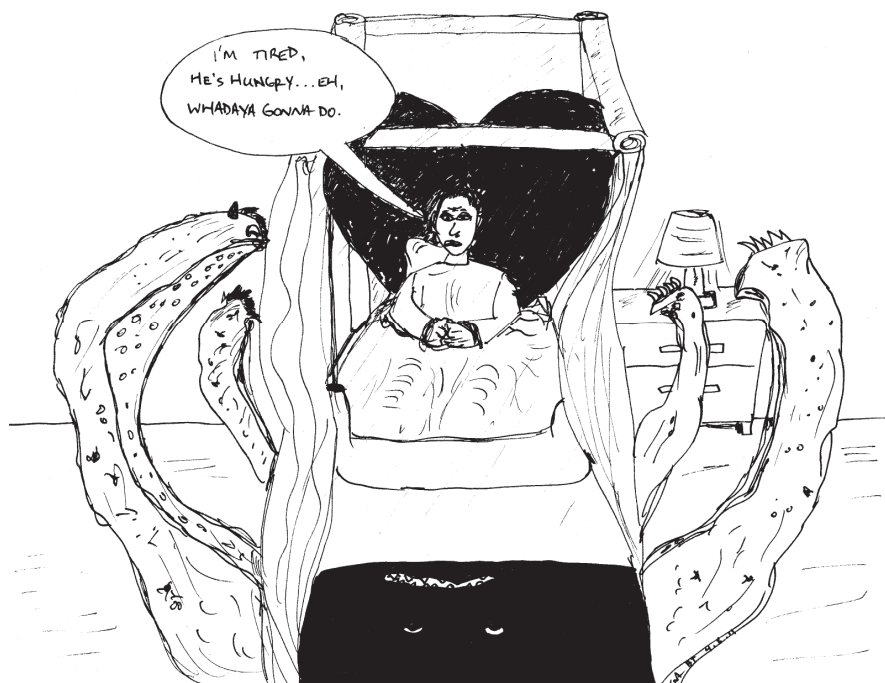


Figure 1 With the uncertainty no longer eating at him once Billy realized that the monsters underneath his bed really were going to kill him, it didn't make sense to put off his entrance to dreamland any longer.

Chapter Lessons

- Don't dwell in the past
- Don't die

GEORGE ACS

So many people have dreams but don't have the support behind them to follow those dreams perhaps for fear that their greatest nightmares will be realized.

I've never really had a realistic dream, so I can't really understand the frustration that those people must go through. Nor do I lay awake at night wondering what could have been.

I've always been one of the lucky ones.

With apologies to a great orator and visionary, "I have a scheme".

Over the years, as I look back, I've had a couple of schemes that for one reason or another had fallen by the wayside. Sometimes I do wonder how those ideas would have turned out if the technological tools so readily available now were in existence 30 years ago.

But not enough to engage in dreaming.

There's no market for dwelling in the past, however, unless the past teaches lessons applicable to the present.

I came upon the Option to Profit scheme by accident, without the slightest bit of inspiration or imagination, but still, cobbled together by some lessons from the past. Perhaps "scheme" really isn't the best of all descriptions, but at least it rhymes with "dream". Besides, do you know how hard it is to find something that rhymes with "Ponzi"?

Neither my education, nor training prepared me to trade stocks or options, much less to become a self-professed expert.

But I love to write and I also love to make money. Even if I can't get people to read, I'll still make money.

The problem is, however, that I hate to read and I really don't like to work.

That explains why I've never read a book on stock investing or rarely anything else, for that matter.

The work part, though, is something that I just couldn't avoid.

Not that I didn't try, but it's strange how difficult it is to barter for services or goods when you have no discernible skills or goods to offer in return.

Once you become an adult, no one really gives you anything for free. Since people do like to get something in return for their efforts the fallback payment method has to be money or gold, but the latter is a topic for another book.

Perhaps one by Ron Paul, with the forward penned by Ben Bernanke..

Like most everyone without tangible skillsets, drive or inherited wealth, a lifetime of employment and professional drudgery beckoned. Society pretty much demands at least that much.

Not so for a good friend of mine who truly loves what he does for a living. He is paid well, travels, is respected and sought after, has lots of opportunity for personal and professional growth and actually helps make people's lives better.

In fact, he is sought after by people that want him to ply his trade, as well as those that want to put a stop to his activities.

He is a professional hit man.

Due to his ability to transmit terrible cases of acute lead poisoning, he also makes some people's lives much worse. Yet, he is truly one of the lucky ones. Although it is cliché-ish, it really is true that it's not really work when you enjoy what you're doing. And on top of that, he is a professional, after all. What mother doesn't want their daughter to marry a professional?

The facts are that he gets paid in cash, never wears an ID badge and doesn't clock in and out, although he does punch other people's clocks. How can you not find that trio appealing?

But then that leaves the rest of us.

Despite my strongly held belief that work of any kind must be avoided, and not being as fortunate as my good friend, the reality of the modern world had dictated otherwise for me.

Thankfully, I've neared the end of that part of life, sooner than I had imagined just a few short years ago, but much later than I imagined when I was just getting started.

Sound familiar?

Of course, there were other alternatives, but how many wealthy, reasonably good looking single women are out there? There certainly aren't enough for all of us and the growing popularity of "sister wives" is making it even more difficult to land a really good one. Interestingly, no one has really figured out a sustainable system that promotes "brother husbands".

But if you think it's difficult to find a wealthy wife here, just imagine how difficult it must be in China.

That's just one more bit of reality that forms the equation and cries out for a solution.

I speak hypothetically, of course, as my wife has made my life wealthy in many other less important ways. Those ways are the kind that can't be readily converted into currency without putting yourself at risk for some dreadful diseases and castigation by your neighbors.

Although had we followed such a path, the possibility that she could have realized her life's dream of being featured on an episode of "Cops" would have been far more likely.

But, as an eternal optimist, there's always that cheap box of wine and a Saturday night with nothing better to for us to do.

And so, over the years, I lived a dutiful life, not having any other recourse.

Working, marrying, procreating, saving and by and large, following the Ten Commandments, aided a bit by always having hideously looking neighbors, thereby making Commandments 7 and 10 (using the Talmudic counting system), relatively simple to follow.

As life kept rolling on, the smile lines turned into wrinkles, the unabated libido turned into erectile dysfunction and the savings turned into investments.

A hundred shares here, a hundred shares there, all sitting safely entrusted with a stock broker that scored nicely on a cold call one cold afternoon to an unassuming investor wannabe with a bit of discretionary cash and nothing to spend it on.

I also didn't know how to say "no", at the time.

He had me at "profit".

E.F. Hutton, Shearson Lehman Hutton, Shearson, Primerica, Salomon Brothers, Smith Barney and who knows what other iterations on that theme, but I followed him and his corporate successors everywhere they went with no regrets.

Sure, the intrigue of a new class of broker caused me to occasionally stray and try my hand at picking a stock or two with my discount mistress on the side, but I always came home for dessert and those fat filled commissions, especially after my own disastrous results.

And as ashamed as I am to admit, there were those rare occasions when I opened the door to another full brokerage interloper, all in the name of "diversification" only to realize that my first broker was still the best.

Fast forward a dozen years, constantly adding funds to my investing account whenever I could, there was finally something to grab onto and point to with pride. I can still remember the day when I no longer had to include the all of the decimal points to be able to brag about a seven figure stock portfolio.

More importantly, changing jobs a few times gave me the opportunity to rollover increasingly substantial workplace retirement plan holdings and get out of the universally horrible investment options that traditionally were offered to employees.

Had low fee index funds been available in some of my earlier retirement plans I could probably have afforded not to write this book. It is amazing how the

modern miracle of compounding takes a beating when you are saddled with a 2% administrative fee on an already mediocre fund.

My broker had discretionary trading privileges for my managed account and he did well, as long as I didn't really critically analyze the numbers or compare performance to the widely accepted indices.

But being a numbers junkie the advent of computer spreadsheets brought me closer to nirvana, as it became quite easy to run any kind of analysis imaginable.

Mostly, my analyses were mundane, though, and centered around whether I would have been better off paying trading commissions or paying a managed portfolio fee, given that there really wasn't that much activity in my account.

The thought of trading on my own never entered into the equation because there really weren't good options available to the individual investor.

Looking back at the revolution promoted by Charles Schwab it still amazes me that people would invest on their own with a discount broker, since timely research information was nearly impossible to come by, unless you had a full-service broker. That revolution has continued, as Charles is now Chuck, the everyman's broker.

Does anyone still remember those huge Value Line binders that would arrive every two weeks or so, and whose encyclopedic trove of information was supposed to give an investing edge to subscribers who paid dearly for the privilege of receiving information that the lower strata would not?

I would occasionally go to a public library branch that had a Value Line subscription and curse the fiends that tore pages out of the binders. It was bad enough to set foot into a library, but to come out empty handed just quadrupled the insult.

Despite an early desire to learn more about stocks, I stayed agnostic as to the merits of an individual stock purchase or sale, never disagreeing with the reasoned pitch of the professional.

What I did do, however, was to check each stock's performance each and every day. Sometimes each and every hour. Every up and down was registered in my brain at an age when it was still functioning at its intended level.

Not that I ever called in buy or sell orders, but I always wanted to know what was going on with my portfolio. Probably the worst fate I could imagine would be to be a nationally elected official and then be forced to put all of my investments into a blind trust.

I think that I would trade our right to live in a democratic society for the right to neurotically follow my stock's performance. Someday, if I ever have the opportunity to speak to a Yemeni citizen, I'll bring up that subject.

When we started our investing relationship we spoke whenever he wanted to buy or sell a stock or to find out if I had any friends or family whose business I could send his way.

The reality was that I didn't have any such friends. None of them had the same interest that I had or perhaps they already realized what took me years to comprehend.

I was very fortunate, though, in that he was never pushy and always seemed to be in synchrony with my own level of risk tolerance.

As I moved over to a managed account in fact, my broker and I usually only spoke with one another once a year, just to say "hi" and to find out how the families were faring.

I liked my broker.

The one thing that I did notice over time, however, was that so many of my holdings went up, went down, up again and then down again. I can't begin to count the gyrations in Shell Transport, Rio Tinto and National Bank of Australia, among many others

Even though we fared well, all I could see were lost opportunities to lock in profits and then just start all over again with the very same stocks. Certainly in

hindsight its very easy to see through the forest and magically hone in on the one tree that you've carved your initials into.

But this was the essence of "Buy and Hold". The tried and tested strategy for the ages.

And the aged.

And of course the longer we held a position the more opportunity there was to witness those ups and downs. And they occurred not only in every stock I held, but over and over again in each of those stocks.

On the plus side, or so I was told, was the virtue of collecting dividends while we waited for the right time to sell and take profits.

Even though I hadn't read any of the great investing tomes, I knew enough to realize that "buy low and sell high" made lots of sense. The only problem was that we weren't really selling.

Most of the time we bought low and sold lower. Of course there were winners, we just didn't sell them very often.

On paper things did look good. Then not so good and then good again. But even in the good times I never seemed to have any extra money in my pocket.

But I liked my broker.

And then he died.