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**GOLDEN PENNY  
STOCK MILLIONAIRES**



# Legendary Rules For Trading Penny Stocks, & Winning!

Written By William Bell

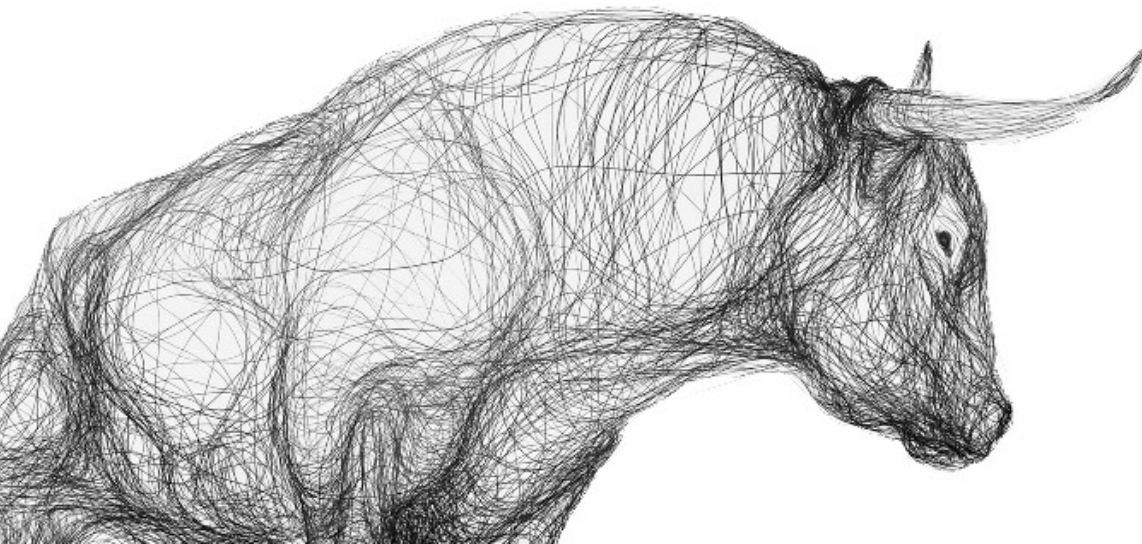


“He That Lives On Hope Will Die Fasting”

Benjamin Franklin

“He Who Invest Money On Hope Will Get Slaughtered”

William Bell



The Trading Rules In This Book Are Legendary

*These rules were developed in time tested warfare waged in the Stock Exchanges.*

*Know that following these trading rules will not make you a instant millionaire... They will only increase the probability of higher returns with each trade.*

運は勇者を助く

"Fate Aids the Courageous"

# PREFACE

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Okay...the long awaited book is finally here... available to the GPSM community, & friends. **"The Legendary Rules To Trading Penny Stocks"** manual are trading commandments sent from the GPSM Headquarters.

It's that serious... if you live by them you will profit, and...

- Make More Money Trading Penny Stocks
- Enjoy a Healthy Long Career As a Trader
- Obtain Financial Freedom

However the antithesis is true as well. If you violate these trading commandments you will suffer the surefire penalty...

- You'll Take On Heavy Losses In Your Brokerage Account
- Increase Stress, & Have A Otherwise Short Career On Wall Street.
- Possibly Increase, & Take On More Financial Burdens

These trading rules are only here to serve you. Trading penny stocks, or any type of financial instrument should be taken on with the most serious mind.

Trading penny stocks is a different animal all together. One, two, three missteps, and you can be at lunch.



By The Way... Are You... Up For Lunch?

The Stock Exchanges...

**You...**



Sorry, but this is not the kind of lunch buffet that I want to be party to...

Nor, do you...

Penny stocks are a low cost investment that's available to everyone. Anyone can have the chance to become insanely rich.

This is great... But this kind of opportunity for killer cash brings out the worst vultures...

One major problem with the OTC markets is that investors are in the dark about penny stocks. John Bruggemann, former VP at JP Morgan who worked on the floor of the NYSE, said he would never trade Penny Stocks "It's too fast to make money, and lose money"

--> Yet, his son at 16 made \$300,000 in 1 year trading these same penny stocks.

The lack of OTC Exchange knowledge is a problem.

## **Another Big Problem With The Penny Stock Industry Group Is All The Ravenous Paid Stock Promoters**





Stock Promoters... This group of people advertise free stock picks with the promise of the share price going up in value.

(And with that comes the promise that you'll get rich quickly)

Of course they're getting rich... because they're paid by the company who's they're promoting.

**Compensation:**

~~J. [REDACTED]~~



~~J. [REDACTED]~~ expects to be paid \$3000 in cash compensation from Speak Easy Media, LLC ("Speak Easy Media, LLC") for a profile of Definitive Rest Mattress Company (OTCBB:DRMC) ("Definitive Rest Mattress Company") which services include the issuance of this release and other opinions that we release concerning of Definitive Rest Mattress Company.

**Compensation:**

~~F. [REDACTED]~~



~~F. [REDACTED]~~ aka research driven investor LLC expects to receive the following compensation for this publication: Eight thousand dollars in cash paid directly to Research Driven Alerts aka research driven investor LLC, by Red Tie Financial. Research Driven Alerts aka research driven investor LLC has previously been compensated one hundred and forty thousand dollars in cash from a non affiliated 3rd party, since then the contract has expired. To date Research Driven Alerts aka research driven investor LLC has received one hundred and forty thousand dollars and expects to receive an additional eight thousand dollars from Red Tie Financial LLC.



\$148,000... I mean dang... That's a whole lot of Mula...

Although it's quite the deceptive business, the SEC says it's okay as long as stock promoters *disclose* to the public that the stock is a paid promoted stock.

## The major problem with **Stock Promoting** is fundamental economics...

You see...

—> **Stock prices go up when investors buy shares of a companies stock.**

But, usually there's a reason why investors are buying like...

- Expectation of a new revolutionary product release (Think Next Gen. Gaming)
- A rockstar CEO get's elected for the company
- New round of funding/ Insider buying
- Growth into **Emerging Markets** (China, India, Africa)
- New Technology Disruption (Think iPhone 1... The 1st Ever Smart Phone)
- Star Power

There Are Hundreds of Thousands Of Economic Reasons Why Share Prices Go Up...

Check Out [Apple's Stock Chart Below](#)





The issue with paid promoters is that...

—> Their stock alerts go up only b/c thousands of investor's are buying their alerts at same general time simply b/c of a stock pump. The Stock Pump they initiate...

—> Problem here is there's no real catalyst for why the stock should move... i.e. new product, new rockstar management, etc...

What follows is really bad...

## The Death of Your Money





# It's called a stock dump...

Jammin Java Corp illustration 1.1 is a classic example of what I mean...

The stock goes up fast, and hard... But it crashes fast, and hard too. New investors usually buy up shares toward the end of the stock promotion, and usually get's caught on the down spiral.

1.1



Why would investors take such a risk? The Jamin example is a clear illustration why, so many investors want to trade penny stocks...

The stock went from \$0.60 to \$6.20 a share in just a few months. That's killer money...

That's a 10 bagger stock...  
\$5,000 turns into \$50,000 in 90 Days...



The biggest problem however is risk... you don't know when the stock is going to crash.

Thank Goodness For **Golden Penny Stock Millionaires**... We're focused on changing the way business is done on the OTC Markets.

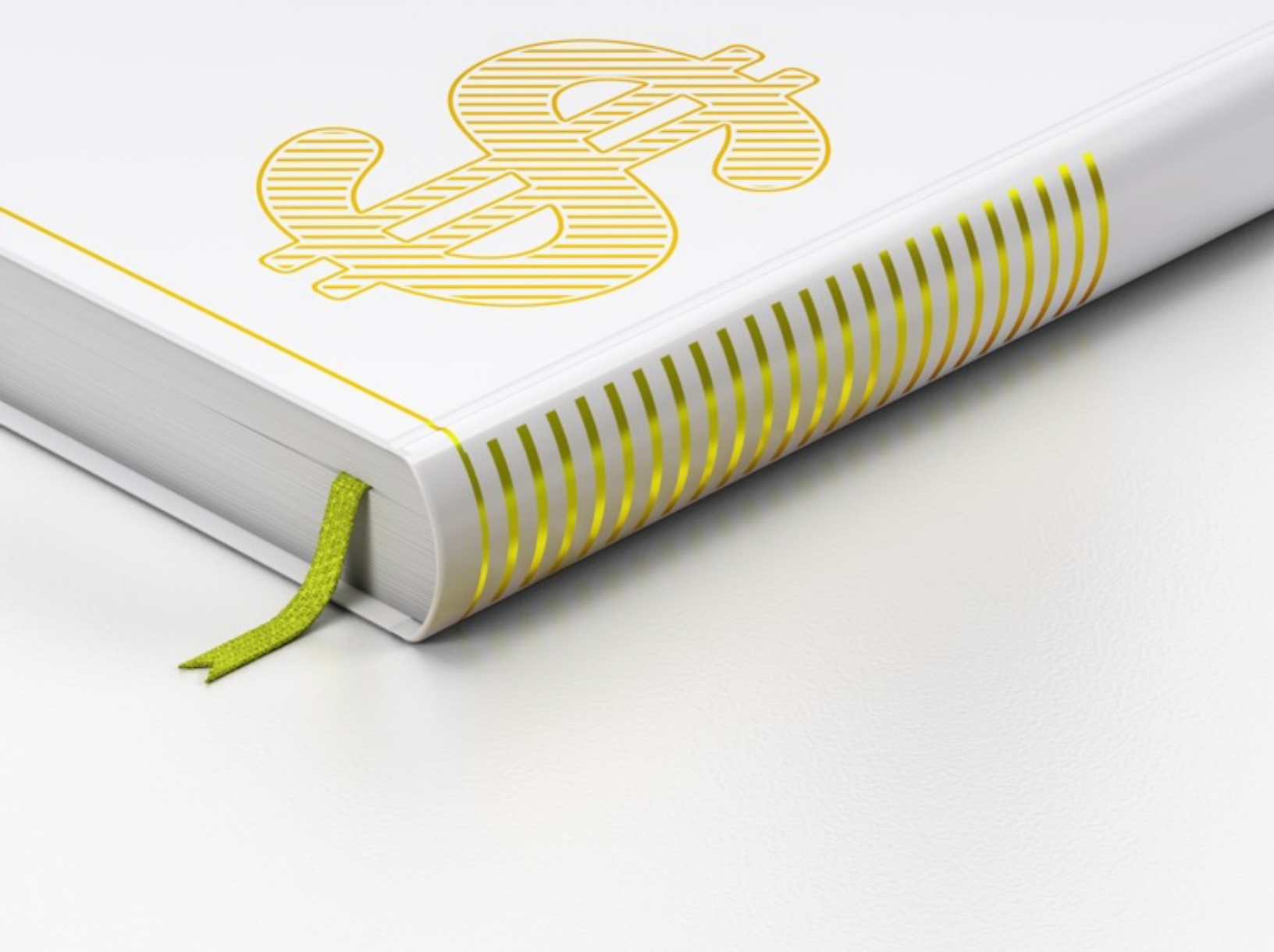
Penny Stocks are very volatile; they move very fast, and the profit potential is incredible.

**The Legendary Rules** needs to serve as a road map to your Penny Stock Riches... You'll need this road map in order to make it happen as a small capital trader.

Now... You're a steward of this WISDOM.







## How To Use This Book:

**E**ach of the 1st 12 rules are followed by an a “how to”... All the content of this book needs to be interpreted in a competent manner.

We use every effort to bring a clear understanding with the do’s, and don’ts. This is all made in an effort to push out any doubt, or confusion.

If you're a new trader it’s best to read this book twice... In fact re-read this book as often as needed to alleviate doubt.

Remember... what’s achievable by one man, is achievable by others.

Alright let’s begin... William Bell

# The **Legendary Rules** To Trading Penny Stocks





Legendary Trading  
Rule # 1

- YOU WILL LOSE MONEY  
PREPARE-



This should be understood. Not Really... A simple message is always overlooked. Not every trade executed is going to be a winner. This single nuance we stress thorough-out this whole book.

The problem about trading is when you execute a trade position; you have so much hope in that trade.

So much, in fact... it has to go up.

When it doesn't it can be a confidence killer that can cause you to quit as a trader.

Losses can be hard to deal with; however, they are much easier to deal with when you know you can lose your entire investment before you even take a trade.

--> This thinking allows you to focus on cutting losses quickly, and taking profits when they are there.

It's important to keep your confidence strong during losing trade positions. Thinking like this allows your trading system to produce more winning stock trades.

## How To Deal With A Losing Stock Trade...

*"So, William... what do you do when you have a losing trade?"*

Well 1st...

- Analyze The Losing Trade
- Print Your Trade
- Educate Yourself

Dealing with a losing trade needs to be approached from a sharp mind of diligence. Whenever you lose money this is a serious matter.

You need to analyze why the trade was a losing one. What was the reason why you took the trade?

- Most investors get their stock picks from paid promoters. Paid promoters are sharks, and you're fish... they see you as little fish... bite size in fact.
- Printing your trades let's you see the reason why you took the trade. Thus, this insures that you will not make the same mistake on the next trade. It' allows you to catch you mistakes.
- Take 15 mins a day to do some sort of market training... i.e. read a trading book. It's important to keep your mind sharp in this field. This helps avoid losing trades.



Legendary Trading  
Rule # 2

- DON'T BE A  
TRADEAHOLIC -



*“What exactly is a tradeaholic you may ask?”*

A tradeaholic is someone who has to be in a trade at all times.

This investor is likely to churn up a great deal of commissions.

He/she feels like they're going to miss the markets if they're not in a trade.

*60/70% of new traders lose money.*

That's not great odds, and when you execute trades you're going against professionals in the OTC Markets. The OTC Markets could be going south like it usually does in June - July time frame, and a tradeaholic has to constantly be in a trade.

**(There are very good trades to be found in June - July also)**

You see, the unknown rules to stock trading is that commission, & spreads can eat up your money if you are always trading.

The reason is that slippage occurs. When you run your numbers at the end of the year for taxes, you'll see several hundreds if not thousands of dollars in just commissions alone were paid out.

--> You have to be careful with slippage.

This is very dangerous. The #1 Rule to being a profitable investor is don't lose money.

You can make \$100,000 a months trading, but after taxes, broker fees & other trading expenses only take home 1/3 of that. You have to watch out for slippage.

Losing money is very dangerous.

*(But remember only the risk takers are rewarded)*

You may already know our focus... But with the GPSM trading newsletter we want to on protecting the initial investment.

Why?

Simply because this is how you build wealth. If you break even on 10 trades, and have a blockbuster trade like \$ERBB\$ @ 800% gains on the 11th... Or \$HEMP\$ @ 350% gains on the 11th trade, now you're winning, and big.

Many penny stock investors overlook this in the pursuit of the **Home Run Trade.**

*Most new traders are in a White Heat for money.*

Benjamin Franklin said... “Small Leaks Sink A Large Ship.”

He's right... Don't be a tradeaholic.

## Legendary Trading Rule #3

- YOU TRADE TO MAKE  
MONEY - NOT FOR FUN,  
GAMES, OR TO ESCAPE  
BOREDOM -



All too often the prosperity of trading penny stocks is not taken with a very serious approach.

**Just like the idiot guy in the pic... *Proud of Wrecking a \$250,000 Sports Car...* trading is a very serious business.**

\$50,000,000 a minute changes hands in the stock exchanges. 90% of trades that occur on the exchanges now take place online.



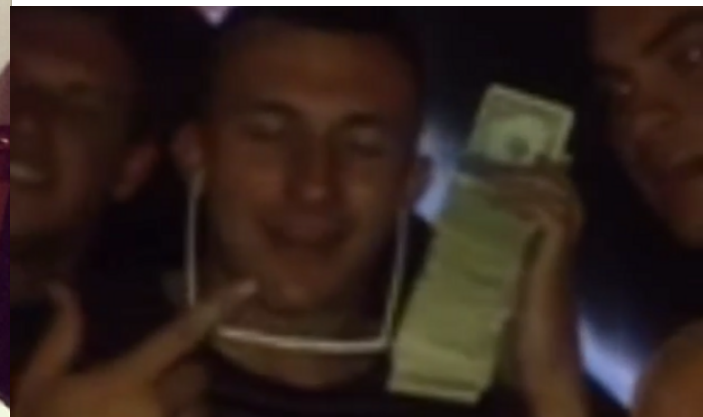
When trading stocks you have \$100,000,000 plus a day trading hands on the OTC Markets. You're trading against small cap stock professionals who's only focus is how much money can they make today.

That should be your focus... But, it's not a lot of times...

Too many times the approach of new investors is that "I'll try my hand at penny stock trading.

Results are... they get slaughtered...

Sorry, if you're here for a **quick try, or for fun, games, or to escape boredom**... If so, you might as well take whatever money you have, and intend to make and...



**Really...**

Because that's what you're doing when you approach penny stocks with that type of thinking.

You see when you're trading... 2/3s of the time you're trading against seasoned professionals who are focused on one thing.

### **Making Money... Your Money, My Money, Money In General...**

—> Trading is a zero sum game...

That means that every dollar goes to someone else. Every dollar moves. If your mind isn't serious about making money... you will lose money every time you trade.

If you want to come out a winner...



--> You have to change your approach to trading...

All respected, or formally respected winners in their fields are all known for their approach to their craft.

- Tiger Woods is known for his approach to his golf swings & Tee Off's
- Pilots are known for their approach to the run way (1 of the most important times in flight)
- A+ students are known for their approach to studying

**Why would you approach trading penny stocks any different? Money's On The Line.**

A serious mind is required to trade stocks. Think about how hard you work at your job...

You may allocate this money as "play money", but you still sat, or stood somewhere for 50 hrs a week, working when you could have been fishing, or spending time with your family.

Don't throw your money away, & don't approach trading the wrong way.

Approach stock trading with discipline...



Legendary Trading  
Rule #4

- NEVER ADD TO A BAD  
TRADE -





Okay, before I would have said this was a no brainer... But, it's far too tempting as a trader...

I've done this, and so have you... However, it's done way too much. Many traders add to losing positions. Adding to bad trade is like bleeding.

They do this in the hopes that the losing position is going to reverse. (Slap The Ask)

"Will, do you still add to a bad position?" I'll get back to that in a moment...

--> Traders add more shares after the trade is down big. You really see it in forums all the time.

Most people are optimistic about down stocks. They're in a trade that reverses. They'll add more shares to that position to get a better price.

You never want to add to a losing position. I know it's very tempting. I don't do it... But, I need to let you folks know not to.

The reason why is because this really requires market intuition, and most new traders don't know the difference between a limit order, and a market order. Market intuition is far away...

Adding to a losing position could be very disastrous as the stock could keep going down.

Focus on protecting you investment.



Legendary Trading  
Rule #5

- NEVER LET A PROFIT  
BECOME A LOSS -



This seems like a no brainer. The whole reason of trading the free markets is to make money.

But, the real tragedy is a lack of discipline... Discipline is required to win...

We sometimes forget this.

So, the tragedy that occurs once you have a profit is you let it turn into a loss instead of taking gains.

I remember clearly one trading day being up \$1,100 gains on a trade only to see it (the stock) dwindle down to a couple of hundred dollars.

I was mortified while kicking myself...

### **Trust me...**

Cutting my position on that day was like swallowing a bitter pill.

This happens when you don't guard against greed, or you hold your position too long. Many reasons come into play namely all stemming from the lack of discipline.

Like...

- I. Getting up for water or coffee during the market hours...
- II. Not having an exit plan
- III. Grabbing a quick bite to eat
- IV. Getting on Facebook
- V. Tons of things come to mind...

I find that greed though, is a dominating factor that baits traders into letting profits become a losses.

You're in a trade, & you made \$400.00 profits in just 30 mins of the Opening Bell.

However; the stock may run another \$250.00 possibly. Instead of cashing out on \$400.00 made in 30 mins... Majority of traders let the stock run.

Take your profits don't let them become losses.



## Legendary Trading Rule #6

- NO HOPING - NO WISHING - NO WOULD'VE -  
NO COULD'VE NO SHOULD'VE NO OPINIONS -



When you trade penny stocks know that there is...

- I. No Hoping
- II. No Could've
- III. No Should've
- IV. No Wishing
- V. No Opinions
- VI. No Would've

In other words... you have to take your emotions out of the game, and implement pure trading strategy.

The #1 factor that hinders traders is emotions.

Doubt is a rational emotion, we rationalize whether something will work or not, whereas fear can --> **be rational, or irrational.**

Most of the time, it's based irrationally on things that can be either avoided, or it doesn't exist.

You have to rid yourself of the ugly 6, and let the magic of the stock market work for you....

Penny stocks move very fast, and often investors find themselves battling with these thoughts...

- I. I Hope I can double my money on this trade
- II. I Could've bought more
- III. I Should've have sold
- IV. Please, Please, Please let this trade go up 200%
- V. Opinions in forums... Bashes, and stock pumpers are very sneaky implementing theirs...
- VI. If I Would've waited I would be up X amount of dollars...

You get the point...

New traders you've come this far... Congrats... But, now you're in your 1st trade, or 500th. Trading on solid principals is how you win.

Once you take a position you must to stick to your trading disciplines.

Legendary Trading  
Rule #7

- KNOW YOUR RISK ON  
EACH TRADE -





So, how much are you risking with the trade you just placed.

If the stock reverses what's the max amount of money you want to lose?

Okay, so maybe trading with stops isn't the best solution when it comes to penny stocks, because of the wild market volatility.

However, combining both the idea of a stop loss, with the idea of capital risk will allow you to get a better hold on your trading.

Example...



**2.65** ↑0.11 (4.33%) Jun 19, 3:59PM EDT

Prev Close:	<b>2.54</b>	Day's Range:	<b>2.49 - 2.65</b>
Open:	<b>2.55</b>	52wk Range:	<b>1.60 - 4.93</b>
Bid:	<b>N/A</b>	Volume:	<b>130,478</b>
Ask:	<b>N/A</b>	Avg Vol (3m):	<b>223,569</b>
1y Target Est:	<b>N/A</b>	Market Cap:	<b>311.96M</b>
Beta:	<b>-0.27</b>	P/E (ttm):	<b>N/A</b>
Next Earnings Date:	<b>N/A</b>	EPS (ttm):	<b>-0.12</b>
		Div & Yield:	<b>N/A (N/A)</b>



Quotes delayed, except where indicated otherwise. Currency in USD.

You're expecting to enter this trade (\$CTIX\$) on the open.

The question that should be answered before you place your trade is how much am I willing to risk on this stock?

If a reversal happens, what am I willing to walk away with... What am I okay with losing?

Setting stops with penny stocks isn't ideal because Market Makers see your stop loss position, and they work to fill your orders...

You take a trade... Place a stop... and the stock stops out only to close out at 175% that day.

This kind of thing happens all the time.

In the case that you are working a full time job, and you can't access the markets like you want **(get a smart phone)** then you are forced to take the risk of setting a stop loss.

Market Makers can see your stop loss position, and they will work to fill your stock order...

It's important to know you risk on each trade.

How much are you willing to lose, and be okay with?

Legendary Trading  
Rule #8

- WHEN INITIATING A  
TRADE ALWAYS GET YOUR  
PRICE -





Today, maybe you haven't taken a lot of trades...

When you initiate a trade you want to strive to always get your price.

Many times that's not possible.

As it stands with the GPSM trading newsletter, from the time of Aug. 2012 to Nov. 2012, all of our trades were so hot that on the open... the price was gapping up higher than our entry point.

This is a good problem. This meant a lot of expectation was involved with the trade on the open.

For instance stock ticker \$SRGE\$ was alerted at something like .0050 at 7:30 am.

On the opening bell the stock jumped to .0059, or around that price.

When you get into hot trades like that, the momentum is sometimes very strong, and chances are you will not get the entry price you want.

Can I offer a strategy?

- I. look to aim higher for a entry price
- II. don't take the trade
- III. take profits during the wild strength of the momentum trades

**—> Sometimes not taking the trade is the hardest thing. Once you've watched a stock run 150% on a trade that you missed out on... you tend not to let that happen again...**

Should you take the trade?

This depends on your expected profit margin, the exit, & the open.

If the exit is far away then sure... you've got room. If the exit is close than you have to decide is the risk worth the trade at that point.

Think 3:1 risk reward ratio...

Risk \$100 to make \$300.

Legendary Trading  
Rule #9

- WHEN LIQUIDATION A  
BAD TRADE ALWAYS USE A  
MARKET ORDER:



By now you know that with trading penny stocks there's always the risk of losing money.

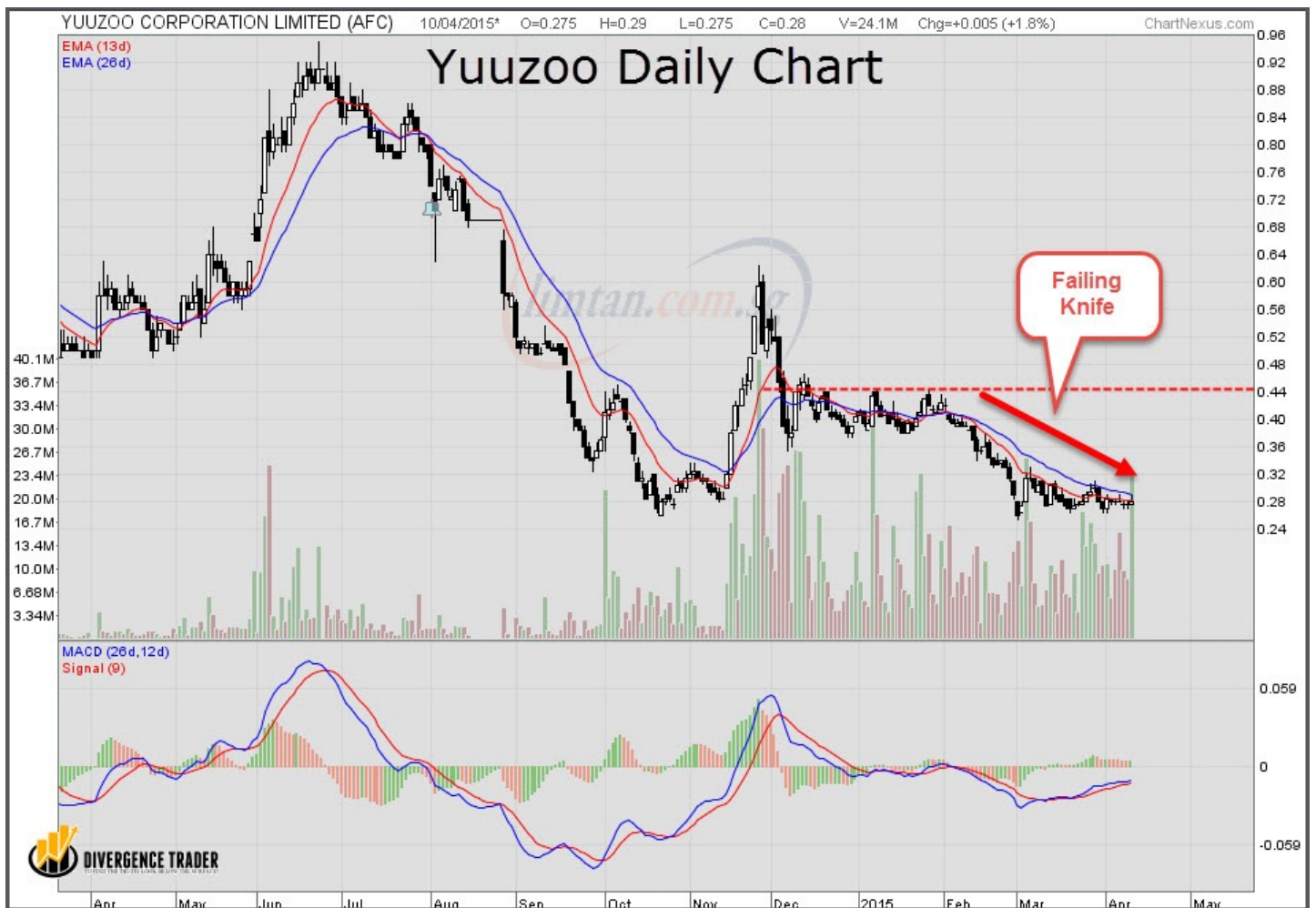
If anyone tells you that they have a guarantee trading system in place...

Run for your Wallet! Making money is never a guarantee.

However; when you liquidate a bad trade you don't want to use a limit order.

Limit orders are dangerous because as you're waiting to get out of a bad trade the stock price is steadily declining.

If the trade is a falling knife then you're waiting for your order is to be filled.



This means your money is going from 1k to \$699.00.

Keep to your disciplines.

Always use a market order where, and whenever possible as you trade.



## Legendary Trading Rule #10

- MAKE 10 POINTS ON A MILLION TRADES...  
NOT A MILLION POINTS ON 10 TRADES -



Think 10 points or less - Technical and Fundamental Analysis combined...

Not This -



Some traders are making millions of points for just for one trade.

There's nothing wrong with doing your due diligence, but just think of the time it takes to check to see if all those points give the green go signal...

Look for 5 - 10 trusty points (Technical & Fundamental) to line up on a million trades. Chances are you'll make more money that way.

The idea is to make your system to work for you in a timely, and efficient manner.



Legendary Trading  
Rule #11

- LEARN FROM YOUR OWN MISTAKES -





Another simple discipline... But must be adhered to.

Focus, and learn from your own mistakes.

Guess how many people make the same mistakes over, and over again without correcting them?

Billions... Literally Billions of People... A 1% correction can change net worth's by millions.

Millions of traders don't learn from bad trades. Henceforth why printing your trades is key...

If you enter into a losing trade... you have to step back, and look at why this trade went south.

Learning from your mistakes is something that has to happen in order to recognize where you went wrong as a trader.

It's important to correct these mistakes, and then get back into the game.

mistake



Legendary Trading  
Rule #12

- HAVE A PLAN. TRADE IT.  
MONITOR IT. -



When you execute a trade you need to have a plan.

How many times have you traded in the last year without a sure fire trading plan.

Trading with a plan is like sailing the ocean with a GPS, a compass, or a map.

It's important to know where you're going.

### So, What's Your Plan?

I. How Much Money Do You Want To Make

II. When Do You Want To Make That Amount By

III. Is This Plan Written, Or Just In Your Head

IV. Who Else Knows About This

V. Can You See Your Number... Is It Somewhere That You Can See It Daily

VI. How Close, Or Far Are You From Reaching Your Goal

VII. When Do You Want To Reach Your Goal By

VIII. What's Your Back Up Plan

IX. Should There Even Be A Back Up Plan

Trading without a plan, and a financial goal is like getting into your car... Filling it up with the best gas... and then driving to Kalamazoo Michigan...

Oh yeah... BTW...

You don't know where you are, you don't have a map, GPS, or directions on how to get there. Sure you'll have to adjust your plan every now, and then.

However; truly you won't get near your goal if you don't have one...

**So, get a trading plan!**





In the remainder of the book, I want to lay out a few more rules that need to be followed with discipline... Without exception...

In conclusion... adhering to these rules with discipline will bring about a higher probability situation...

**Legendary Trading  
Rule #13**

**3 Losing Trades In A Row Rule. Stop. Take A Break**

**Legendary Trading  
Rule #14**

**Discipline! 90% Of Trading Public Lose Without It**

**Legendary Trading  
Rule #15**

**Pay Attention To Weekly Lows And Highs**

**Legendary Trading  
Rule #16**

**Technical Analysis & Fundamental Analysis Are  
Equally Important**

# THE END

Wait... Not yet, If you're not a member to the Golden Penny Stock Millionaires trading newsletter subscribe below.

Here are a few past trades...

Come Join Us  
Click Below To Get Started!

Stock TKR	Buy Price	Sell Price		
CRRA	0.0258	0.05		
HEMP	0.0148	0.03		
FNMA	0.89	5.12		
PHOT	0.078	0.25		
CREP	0.055	0.08		
ELRA	0.0009	0.0032		
TCEL	0.0012	0.0029		
NTEK	0.083	0.1		
MMRF	0.01	0.014		
ECRY	0.343	0.41		
ITNS	0.0103	0.0135		
DRYS	1.76	1.6		
DRIO	0.08	0.18		
BTCS	0.07	0.1		
CJTF	0.0054	0.0069		
BRNW	0.0035	0.0021		
CBIS	0.058	0.075		
LEXG	0.01	0.008		
Kget	0.0012	0.0009		
TEMN	0.003	0.0025		
Jaggf	0.91	1.06		



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STOCK TRADING NEWSLETTER