

An experienced ex-trader teaches what he learned: The financial markets are nothing more than giant slot machines, and like a casino, are the worst places in which to trust your money. An excellent alternative to Wall Street is explained.

Casino Wall Street: A Trader's Seven-Year Education in Delusion and Deception

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Casino Wall Street:

A Trader's Seven-Year Education

In Delusion and Deception

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Prologue

Since January 20th of 1981, the regulatory environment in every sector of the American federal government – from consumer and environmental protection to every aspect of our financial institutions like banking, insurance and Wall Street investment and trading regulations – has been systematically weakened, all in the interest of strengthening and consolidating corporate power over the everyday lives of Americans, and to test neo-conservative economic theories of letting the “free market” solve all of American society's problems. As we've seen one wave of financial shock after another blow through the American economy since then, and specifically witnessed each shock affect the financial markets with increasing volatility and culminating in 2007-2010 as the worst recession since the Great Depression, examination of the underlying causes has made it clear that nearly thirty years of deregulation of the financial industry was a huge mistake. During the latter part of the same period, mostly in the first decade of the 21st century, Wall Street and the financial brokerage industry have succeeded in tapping an enormous financial resource to exploit for additional profit. That resource is us. With the advent of electronic trading and widespread availability of the internet, they began offering and heavily marketing to average citizens systems enabling them to venture into trading and investing arenas that were formerly the exclusive domain of the very wealthy. User-friendly online trading platforms for personal computers sporting real time data and charting, provided free to customers compliments of online brokerage firms, carried the lure and promise of making money from the comfort of one's own home trading stocks and their derivatives opposite the Wall Street “big boys”.

What they didn't tell us was, the abysmal odds of success of the average citizen day or swing trading the financial markets

would be a consistent and lucrative profit center for those big boys, and a cause of financial pain and in many cases devastation for the vast majority of aspiring day and swing traders. Many estimate the odds of a small participant making and *keeping* profit trading to be less than 15%, and many more cite statistics showing those odds to be as low as 1%. Which begs the question: why would a rational person not only venture into this work knowing she has an 85-99% chance of ultimately failing at it, but stick with that brutal work for *years* before reaching the point of capitulation and quitting - finally acknowledging to herself that which she had suspected all along - the markets are heavily skewed in favor of the well-capitalized insiders? Within the pages of this book I will provide answers to this question, hopefully doing so in a manner that will overcome the myriad of books, online brokers, internet-based trading-assist services and scammers that promote trading and steer you decisively away from the strong temptation to answer the siren call of trading the financial markets, and therefore protect your cash and preserve your mental, psychological, emotional and consequently even your physical health and well-being.

Trading stocks and their derivatives like options and futures is extremely dangerous, plain and simple. Only the well-capitalized insider traders residing at the stocks, derivatives and commodities exchanges and large brokerage firms consistently profit from that work. And as we've repeatedly seen in the years since the dot.com-precipitated crash of 2000, even long term investing in the financial markets can be perilous and detrimental to the longer term financial security of the average "outsider retail" investor. *It is a myth that long term investing in the stock market is the best route to financial security and independence in your retirement years, a myth that is continuously propagated by the financial planning and*

brokerage industries. The crashes of 2000, 2001, 2002 and 2008-2009 that caused devastating portfolio value setbacks for the average investor provide ample proof of this.

Casino Wall Street recounts my experience of trading the markets for seven years, and of losing a small fortune in the process before finally giving up. Aside from the dismal odds of success for the average "outsider" trader/investor, all that I discovered about Wall Street should convince the reader that the financial markets in general, and Wall Street in particular, are nothing more than giant slot machines, and like any casino they are the very *worst* places in which to trust your money. In fact, you'll learn that the word "trust" has no meaning and doesn't exist in the vocabulary within the Wall Street culture and its practices. This book ends with a discussion of alternative investments that are very profitable and far better and safer than anything you could hope for struggling to extract and keep profit from the Wall Street insiders.

In Chapter One I provide an overview of what the financial markets are, how they work, and it covers some important reasons why it is so difficult to extract net profit when actively trading them. Chapter Two discusses the enticement, and the dangers of trading the so-called "derivatives" - options and futures contracts. After my first year of trading realizing a modest profit, it was these much easier to trade but treacherous leveraged trading instruments that portended the "beginning of the end" of my ability to profit in the financial markets for the remainder of my ill-fated trading career. Hence the title of Chapter Three, where I digress and for that and the next three chapters discuss in detail the many reasons why it is practically impossible for well over 90% of aspiring traders to succeed in this brutal business. In Chapter Six I return to my own experience to illustrate and drive home the toxic psychology

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and mental torment that is routinely evoked by the exercise in futility that is trading.

In Chapter Seven I discuss those alternatives to the financial markets that are consistently moderately to very profitable and *light years* safer. Finally, this book concludes with an epilogue that acknowledges the worst kind of loss that is a consequence of feeding the Wall Street monster (it is not financial), and ends with a plan for an American future *without* Wall Street that all of us can and should carry out to successfully rid ourselves of the monster.

Mario Cohen, December 29th, 2009

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