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# **trade stocks online**

**MARK L. LARSON**



John Wiley & Sons, Inc.

New York • Chichester • Weinheim • Brisbane • Singapore • Toronto

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Published by John Wiley & Sons, Inc.

Published simultaneously in Canada.

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***Library of Congress Cataloging-in-Publication Data:***

Larson, Mark.

Trade stocks online / Mark Larson.

p. cm. — (Wiley online trading for a living)

Includes index.

ISBN 0-471-38473-9 (alk. paper)

1. Day trading (Securities) 2. Investments—Computer network resources.

I. Title. II. Series.

HG4515.95 .L37 2000

332.64'2'0285—dc21

99-059988

Printed in the United States of America.

10 9 8 7 6 5 4 3 2 1

# **preface**

The preface of any book is a place of decisions. One will usually scan the preface while standing beside a bookstand and then turn to the back cover to see the cost of the book. Let me ask you: How does one determine if the cost of the book is worth the contents of the text? Wouldn't you say that it would be determined on the basis of what knowledge was obtained from reading the book?

The information that I have provided in this book can change your life! Knowledge, skills, and experience have been acquired from some of the most successful traders in the stock market and are condensed in the following pages to show you how to dramatically increase your income and have more free time.

My purpose in writing this book is to help others change their lives, not only for themselves, but also so they can pass

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*Every morning, I get up and look through the Forbes list of the richest people in America. If I'm not there, I go to work.*

—Robert Orben

on the knowledge to their families and friends. For some it may be a determining factor that increases their income by an additional few hundred dollars a month, and for others it may be the difference of thousands of dollars a day.

Each chapter is written with as much simplicity as possible so that the average person, like myself, can understand it. Chapter after chapter, you will experience my enthusiasm and passion for the path toward the dream of *financial independence*.

In the beginning chapters, I explain in detail how to treat the stock market like a business. I show you six different money-making opportunities that utilize stock-split investing. I cover long-term investments using options on LEAPS, and also explain how to sell calls against stocks or options. In the final chapter, I show you an extremely powerful cash-rewarding strategy known on Wall Street as *bull put spreads*. You will see how the power of matching more than one strategy to another can capture an even greater return on your money.

This preface is being written as an afterthought to assure you, the reader, that you absolutely will get your money's worth. I hope that, after reading this book, you will choose to utilize the information of specialized knowledge to help you change your life and to better understand ways of investing in the stock market.

May you be blessed tenfold, as I have been, and be able to give to others as others have given to me. I hope you will read on with passion, enthusiasm, encouragement, and confidence, and will enjoy taking the journey with me down Wall Street.

MARK L. LARSON  
*San Francisco, California*

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*Dream to be more than what you are.*

—Keith D. Harrell

# acknowledgments

This book would have only been a thought if it hadn't been for the people in my life who have, in some way, been an inspiration to me. Not only by their help and support in the form of knowledge, but by their support and words of encouragement, they have taught me not to give up but instead to make my dreams come true.

And to all of my wonderful family members—Mom, Dad, Brothers, Sister, Grandfather, Aunt Julie, Uncle Jim, Rick, Verne Lind, and the world's greatest friends—thank you all for your love and support when I was willing to give up. All of your loving support has allowed me to dust off my lifelong dreams and turn them into reality.

And most of all, a special loving thanks to my girlfriend, Tamara Olea, not only for your moral support, but as well for

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*To love is to cherish, as cherish is to love those  
who stand by your side.*

—Mark Larson

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making this book what it is. You are not only the greatest girlfriend, but also a wonderful teammate!

Dreams can become reality if you work at them, believe in yourself and trust in the Lord. May you all be blessed with love, passion, and happiness.

M. L. L.

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*Hope is a waking dream.*

—Aristotle

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# **chapter 1**

# **the financial dream**



Have you ever caught yourself daydreaming of flying off to a faraway tropical island for a nice long vacation in the sun? Now, visualize again with me for a moment. You're a young child, full of life, you can climb the highest tree and reach the farthest star. Nothing is impossible!

As a child you might have said things like, "When I grow up I'm going to become a doctor and have a lot of money," or "I'm going to own a big house and drive a Ferrari." Unfortunately, as we grow older we begin to realize that our childhood dreams can be very disappointing. We begin to understand that nice things cost a lot of money, and the American Dream

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*When I was young, I used to think that money was the most important thing in life; now that I am old, I know it is.*

—Oscar Wilde

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becomes just that, a dream. The cost of living begins to change our outlook on life and our dreams seem to fade away as reality sets in.

My hat goes off to those of you who have gone on to become successful and live in a big house and have the Ferrari in your driveway. But, unfortunately, for most people, childhood dreams never become reality. We find ourselves having to work harder and harder and longer and longer just to pay the required bills of everyday living. The cost of living somehow seems to increase faster than our wages do.

Wages are based on your income, and your income is based on your time. For thousands of people, their time is their only source of income. Meaning that if they choose not to go to work, their income *stops*. Nicely put, they are trading their time for a paycheck. Their time is their income-producing asset. If you are your only source of income, what will happen to your income if your asset doesn't go to work? It will stop, yet the cost of living will continue on.

As we mature and embark on our journey through life, we can't help but wonder about all the different challenges that can and will affect our lives. Many things happen in our lives that we could never have anticipated. And by the same token, many things happen because we make them happen.

I would like to reflect back for a moment on the year 1997. I was 31 years old and felt that I was on top of the world, when I unexpectedly found myself in the middle of a traumatic financial downfall. After working so hard to acquire all of my assets (apartment buildings, duplexes, and businesses) I lost everything. My businesses were shut down and my property was taken away as I was forced to file for bankruptcy. I had invested in a large business venture and lost. May this be a lesson to

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*The worst bankruptcy in the world is the person  
who has lost enthusiasm.*

—Ralph Waldo Emerson

you: Diversify and protect your assets. Never put all of your hard-earned money in one deal—and the same goes for the stock market.

When I was given the opportunity to learn strategies for investing in the stock market I was very 'skēptical, especially after losing everything. As a successful real estate agent for 12 years, I had represented hundreds of real estate investors who had made and lost fortunes in the stock market. Later I found that it not only did not take a lot of money to be an investor but also that those investors had lost money only due to their lack of knowledge.

I share my personal misfortune with you solely so that as you read through each chapter, you will realize that average people (like me) with an average income (or, in my case, no income) can still obtain the American Dream.

What is your financial dream? For me, it is being able to do whatever I want to do whenever I want to do it. The stock market has allowed me to have financial freedom, which allows me the time to spend with my family, friends, and church, and, most important, to help those who are less fortunate.

The stock market is a wonderful place to make a living, as thousands do throughout the world. When treated like a business the stock market can dramatically change your life, as it has mine. Thanks to the stock market, I have realized that the dream of financial independence is alive and doing well.

The strategies covered in this book are not new, but to many of you they will seem very different. By taking time to learn, you have taken one more step forward toward learning how to properly earn more returns more often. These concepts are the same concepts that have enabled me to dust off my life-long dreams and retire from ever *having* to work again.

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*The reason most of us don't live within our income  
is that we don't consider that living.*

—Joe Moore

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I dedicate this section of the book to those of you who are retired and are able to relate to it. Our government has brain-washed most people into the 65-year retirement plan by enticing us to think that it is the only way to safely retire. The discounted tax shelters such as the 401(k)s, mutual funds, and many others may be enough for some people, but not for me. I don't buy the government's theory that I would be able to retire with financial security if I were to put all of my hard-earned money into a retirement fund. That's almost as bad as counting on Social Security as your only source of income. If the plan our government has in place for us works so well, then why is it that 90 percent of all Americans have to downsize their lifestyle when they retire? My grandfather is one of the 90 percent, who, like thousands of others, bought into the 65-year program and contributed his hard-earned money. Unfortunately, today, as a retired person with a dual income, he has had to downsize his lifestyle and closely manage his retirement income.

The problem with the government's plan is:

- The rates of return on your investments are *too low*.
- You have to be retired before enjoying your retirement money.
- There is no guarantee of what your investments will be worth when you retire.

The biggest problem with the idea of retiring at the age of 65 is not just having to wait to enjoy your money, but the lack of time you have to enjoy it. Most people don't live past 70 years of age. Now that's an encouraging thought! We work hard every day until we're 65 years old, and then have only approx-

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*Plans are nothing, planning is everything.*

—Dwight D. Eisenhower



imately 5 years to enjoy our lifelong investments. The true definition of retirement should be, “Retired from working, but not retired from *making money*.” This redefined definition is why, at the age of 34, I no longer have to trade my time for a paycheck if I choose not to. I could write an entire book on our government’s retirement plans—or, shall I say, lack of plans—but let’s stay focused on your financial dream and not your broker’s or the government’s. There are many reasons why people invest in the stock market. Here are a few:

- Retirement
- Children’s college tuition
- Tax shelters (that’s a joke)
- Bequeathment (to pass assets on to their church and loved ones)

My concern with this reasoning is that you may need the investment money sooner, and there is no guarantee that your investments will be worth more than they were when you originally invested. Proper personal planning and investment education will help you make better financial decisions. Your financial knowledge will determine your true net worth and let *you* decide when to retire.

You will learn throughout this book that I, too, believe in long-term investments—the difference is that I believe in selling them when there is a profit to be made. Treating the stock market like a business may be an entirely new concept for many people. The number-one, and most important, rule is to get good at *selling*, not *holding*. Businesses make money only when they sell something for a profit and then reinvest again.

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*Who is speaking of victory? To survive is everything.*

—Rainer Maria Rilke