

# The Smart Money's Footprints

**J**ake was here to rob me.

How he got near my office undetected was anyone's guess, but my hand shot to one of the panic buttons I have hidden. I didn't press it; something held me back. He reminded me of Clint Eastwood with white hair, tall and thin, yet with an inner strength stronger than granite and a dimple that etched his chin when he smiled.

"Sorry about that," he said. "I didn't mean to startle you. I'm Murphy. Jake Murphy."

His name meant nothing to me. My finger caressed the sandpaper top of the panic button, shaking slightly, my body tense, adrenaline pumping—my breath a pressure cooker waiting for release.

"Have you ever heard of Murphy's Law?" He smiled and pointed a finger at himself. If he was telling the truth, I was going to trade the opposite of everything he did. "I e-mailed you last week about learning to trade."

I started breathing again. My hand went to my chest and felt for my heart, but then a polite tone and a flashing green symbol on the computer screen caught my attention. I held up my fist, index finger extended.

Wait one . . .

Jake froze.

My hand returned to playing the keyboard, dancing over it with the skill of an accomplished musician.

Thirty seconds later, having relieved someone of several thousand dollars, I looked back at Jake. "Please." I waved him to the chair beside mine, seated at the feet of computer monitors staring at us like eyeballs. I had a special air-conditioning system installed just to keep those eyeballs and their bodies from frying. Computers are the cooking utensils of a trader.

"I'm not trying to embarrass you Jake, but I want the truth. Did you use stops on every trade?"

He paused for a moment, and his face took on the color of a stop sign. "No." His voice sounded apprehensive, in contrast to the Clint Eastwood growl through clenched teeth that I expected.

"Did you buy near the yearly high to surf upward momentum?"

He shook his head.

"Did you look at the market averages and industry-related stocks before trading to see which way they were headed?"

He looked down but said nothing.

I felt like I was questioning my own father, but this torture chamber had no bright light shining in his eyes, just padded chairs like those in a NASA control room. "Forget it," I said touching his shoulder and then pointing at the computer eyeballs staring at us. "What do you see?"

He put on reading glasses and his head moved closer, examining every pixel, and then he backed away. The glasses disappeared into his pocket so quickly that I knew the specs were more than just a tool. An embarrassment, perhaps? A sign that he was growing older and refusing to accept it? I discarded this clue about Jake Murphy.

"You're looking at the smart money. They know everything there is to know about that stock or any stock. Yet they have a weakness. Do you know what it is?"

He raised his eyes in thought and then snapped them back level. But he said nothing.

"They can't hide their tracks." I pointed at one monitor. "Those tracks are not squiggles on the screen. They're footprints of the smart money. String enough footprints together and they form chart patterns. Those chart patterns give buy and sell signals. If you trade using those signals, you can make money." I leaned back in my chair, hands clasped

behind my head, eyes cycling between Jake and the monitors, scanning for trading signals. "You *do* want to make money, don't you?"

His eyes lit up and he nodded.

"What's your story?"

He cleared his throat and leaned forward in the chair. "I'm a self-employed engineer nearing retirement, and I trade between jobs. I started trading using fundamental analysis, but when the fundamentals said 'buy,' nothing happened to the stock for months or even years. I got tired of waiting. I started looking at technical analysis. I tried moving averages. I tried Elliott wave. I tried cycles and candlesticks and indicators and black box systems. Nothing worked.

"I want to afford health insurance. I want to have enough money to feel secure in my retirement. It's not hard to meet expenses. They're everywhere!"

Then Jake dropped his eyes and turned away. I knew he wasn't telling me everything.

