Mr. Cogdell remained active in retirement and successfully managed a stock portfolio from his home office. He generously provided the college with a listing of the rules by which he managed this portfolio.

**List B**

1. Limited partnerships also known as tax shelters.

2. Be wary of tax shelters, they have drawbacks such as big fees, long holding periods with limited liquidity. Many tax shelters from the early 80's provided big tax savings up front but they were investment disasters and saddled holders with steep tax bills later. More tax shelter drawbacks. Investors may never get any cash distribution from the program and their money will be generally tied up for 15 to 20 years. There is no market for them.

3. All mutual funds have operating expenses which are paid out of total fund assets. The largest expense is management, the cost of printing the fund prospectus, reports to shareholders, and other literature, also legal fees, auditing fees, and bank custodial fees. And if the fund has one, the sales commission - better known as the load. Mutual funds charge a fee for maintaining IRA's and other retirement accounts. Watch out for loaded no load mutual funds. No up front fee, no back end fee, just a killer of an annual fee that continues forever. There are mutual funds that impose extra fees in whatever they can forever. An open end mutual fund stands ready to redeem its shares every day.

4. A closed end mutual fund shares are traded in the marketplace. Mutual fund investments should be long term.

5. Know that wars, scientific breakthroughs, inflation, elections, new technology, are some of the things that moves the stock market.

6. 320 large corporations have reported losing 250 million dollars by fraud; that averages 781,250.00 per company. The methods used were misapplication of funds, check forgery, credit card fraud, kickbacks, false invoices, telephone abuse.

7. Never turn down a profit.

8. Better to have sold too soon then to have sold too late. Be one of the poor devils that sold too soon at a profit.

9. Know that large companies sometimes mail to investors a summary of the annual report in lieu of an annual report. Ask for the annual report. Know that large companies print a supplement to the annual report for analysts. The supplement has statistical information that is not in the annual report. Ask the company to send the supplement to
10. Know that utility companies' common stock is not a solid investment anymore. (deregulation)

11. A growth stock is a company whose total assets continue to increase, the retained earnings continue to increase, the working capital continues to be positive, the stock price continues to appreciate in value, and the shareholders equity continues to appreciate in value. A solid balance sheet with a little debt, a 5 to 10 year growth record, an ability to add new or improved products to its current line, and strong marketing and service capabilities, and good labor relations. A growth stock commands a higher p/e ratio. The Ca/Cl should be more than 2, the acid test ratio should be more than 1. The expense/revenue ratio should be less than 90%, and the debt ratio should be 50% or less for utilities and 40% or less for industrial.

12. Money earns money and all that money earns more money and investments also appreciate in value. This is how great fortunes are made.

13. In the 1970's the Hunt Brothers lost five billion dollars in five years trying to corner the silver market. They had graduated from Harvard University in business administration. They made many bad investments. They ran afoul of the government regulations. They got involved in law suits, which they lost, and their story ended in the bankruptcy courts. The moral, don't try to be a wheeler dealer, be conservative in your investment, spread the risk, and don't take chances.

14. Live within your income and invest within your income.

15. The young say they don't have any money to invest. Yet they have money to pay down on a new car, a VCR, a video camera, new furniture, new home, etc.

16. Early investments can be an IRA, saving account, government savings bonds, and employee stock investment plan and there are others. The main thing compounding the interest, dividends and adding to the principal. Later, it will be possible to make other investments. The key is investment knowledge through education and experience. Hang in there, don't give up. Be a long term investor.

17. Know that pension funds and individual investors tend to buy and hold stocks, while mutual funds are generally short term traders. Mutual funds have become the Gorilla of the stock market.

18. The balance sheet is sometimes called the statement of financial condition.

19. Look for stocks that have a strong balance sheet and are making substantial profits.
20. Many of the railroads are land rich. They have mineral rights and timber rights.

21. Restructuring is a company's way of getting rid of certain unprofitable subsidiaries that it should not have acquired in the first place.

22. Companies don't have to have pension plans, but if they do, the plans must comply with federal regulations. Even if a company goes bankrupt and ceases normal operations, it must continue to support the pension plan. (If pension fund assets exceed the vested benefit liabilities --no problem... If vested benefit liabilities exceed the pension fund assets -- big problem). The pension situation is laid out in the annual report.

23. The only growth that really counts: earnings. Profits after taxes is the bottom line. Pretax profit margin is after all costs, depreciation, and interest expense have been deducted.

24. If the dividend payout ratio is low the company has a cushion in hard times and the dividend is safe. If the dividend payout ratio is high, then the dividend is risky.

25. Companies that have no debt can't go bankrupt.

26. Look for companies that consistently buy back their own stock.

27. An investor should be getting a 12 to 15% return, compounded over time. The higher the potential upside, the greater the potential downside.

28. 80 to 90% of amateur futures and options players lose. Options are the brokers gravy train. A broker with only a handful of active clients can make a wonderful living.

29. Information on the number of institutions holding stock and the amount of stock held can be found in the S&P stock guide.

30. Information on the number of institutions holding stock and the amount of stock held can be found in the S&P stock guide.

31. If the company is buying back their own stock the information can be found in the cash flow statement.

32. Acquisitions and assets sales can be found in the cash flow statement.

33. Pension plan information can be found in the cash flow statement or the financial notes.

34. Stock options paid can be found in the cash flow statement.
35. A company or an investor must protect its interest and this can be done by putting everything in writing, recoding telephone messages, conference telephone calls. In all telephone calls, or repeating the conversation to a trusted employee. The use of FAX messages or prodigy messages is another way of making a recording.

36. Know that people can cover up their mistakes after the fact by writing a message memo outlining the telephone call in away to protect themselves.

37. Relying on a referral for an investment advisor expert can be hazardous to your wealth.

38. The bottom line is earnings.

39. A growth company can be defined as a company with increasing earnings.

40. A mature company can be defined as a company with steady earnings.

41. Certificates of deposit are shown on a bank's balance sheet as time deposits. Time deposits are also known as term deposits. Some banks and savings and loans give them various names.

42. A trust fund held by a bank is safe from bank failure.

43. Many investors consider September and October down months. The crash of 1929 and 1987 are examples. Third quarter earnings are reported in October, end of the year tax selling, and institutional selling to improve their bottom line can create a down market.

44. All investors evaluate and rate stocks but past performance does not always reflect future performance. Economic conditions change, styles change, products change, managements change, the labor market changes, the cost of doing business changes, government policies change. Investment evaluation is a continual process. Never forget this. Prepare for the worst, and then hope the worst doesn't happen. In other words be prepared.

45. The bottom line is net profits, retained earnings, and dividends. PFD stock effects the bottom line.

46. Stick with what you know. There are all types of investments. Here is just a few of them: common stocks, PFD stocks, commodities, bonds, notes, treasury bills, commercial paper, mutual funds, certificates of deposits, mortgages, 2nd mortgages, IRAs, 401Ks, venture capital, options, money market funds, debentures, Fannie Mae's, Ginnie Mae's, Freddie Mae's, CMOs, municipal bonds, mortgage bonds, call options, put options, tax exempt bonds, US Government bonds.
47. When bond prices rise, the yield declines. When the bond prices decline, the yield rises.

48. The yield to maturity can be found quickly in a bond value book.

49. If the yield on CD's is about on par with inflation, the return is negative after taxes.

50. The probability of debt repayment is called the credit rating, AAA being the highest, D being in default.

51. The common stock rating is the earning and dividend rating of a stock for the last 10 years. A+ being the highest, and D indicating that the company is in reorganization.

52. Stock ratings and credit ratings are a guide, but they are not a substitute for complete analysis.

53. About utility stocks: you need to be a long term investor. Most long term utility income comes from wealth compounding benefit of steadily rising dividends, but you need to buy and hold and reinvest the dividends.


55. Municipal notes: SP-1 is the best rating. SP-2 is considered a satisfactory rating. SP- is speculative rating.

56. Debt: AAA is highest rating. AA is a strong rating. A rating can be affected by economic conditions. BBB rating is a weak investment grade. BB, B, CCC, C ratings are speculative. D rating means debt default.

57. Tax exempt bonds have dual ratings. The first has to do with the possibility of repayment. The second addresses the demand feature. The S&P bond guide is divided into corporate bonds, foreign bonds, municipal bond ratings, convertible bonds. A calendar of new offerings. Medium term notes. (The S&P stock guide rates PFD stocks).

58. About options: A call option is a right to buy. A put option is a right to sell.

59. An option is the right to buy or sell a particular item for a limited time at a specified price.

60. The strike price; The fixed price stated in the option contract at which the underlying asset may be purchased of sold.

61. The maturity date: Is when the option expires. After this date the option is worthless.
62. An American option may be exercised anytime up to and including the expiration date.

63. "Over the long term I have very rarely seen anybody be profitable by trading options." Walter Roberts of Dean Witter.

64. The S&P bond guide lists publicly traded issues, but the bond guide does not list private transactions, such as debt issues sold to institutions or money borrowed from banks. Records of such transactions may be found in the annual reports.

65. About spreading the risk. There are four things to consider, different investments, different stocks, different industries, different locations different investments. Your home, bank account, CD's, IRA's are a few examples.

66. About the municipal bond index; 25 year revenue bonds: AAA guaranteed, airport, power, hospital, single family housing, multi family housing, miscellaneous, pollution control, independent development, transportation water. 20 year general obligations; cities, counties, states, other districts.

67. About money rates: prime rate, the base rate on corporate loans. Federal funds, overnight use of cash reserves traded among commercial banks in the amounts of a million or more.

68. Call money, the charge on loans to brokers on stock exchange collateral. Commercial paper, high grade unsecured notes sold through dealers by major corporations.

69. Certificate of deposits, a debt instrument sold by banks.

70. About banks deposits: A depositor can withdraw funds from a demand account without notice by writing checks. A time deposit is an interest bearing account such as a savings account or certificate of deposit.

71. "The common thread that holds all aspects of a business together is money and money is what accounting and finance is all about"., Roger Smith, Chairman of General Motors.

72. Utility stocks are used by some technical analysts as a leading indication of interest rates. The utility average is a serious warning flag. Never forget that utility stocks are interest rate and oil price sensitive. Know that a company asks and pays for a credit rating. They open their books and records to the credit rating firm. A credit rating firm can provide a rating without the request of the company who is issuing new debt, but they don't have access to all the books and records. Know that an investor can invest in common, PFD and preference stocks, first mortgage bonds, commercial paper, notes.
73. A request for change of address should include: your name, shareholders account number, the new address, the old address, the type of investment, dated and signed.

74. About overvalued stocks: Many investors consider the P/E ratio when deciding if a stock is overvalued. Another method is to compare the stock price with the total assets per share. Investors use other methods to decide when to buy and sell.

75. About bad management: Letting expenses get out of hand, too many employees, keeping and trying to sell outdated inventory, manufacturing products that are out of style, failing to update old plants, failing to keep up with high technology, getting the company involved in lawsuits that could break the company, failing to restructure the company to eliminate excess employees, plants and unearning assets are some examples and don't forget the bottom line profits. Also, acquiring assets that the company should not have bought in the first place is another example.

76. About new stock issues: If an operating company is to issue additional stock. The underwriter can value the new issue at the present price of the outstanding stock. If it is a private company going public, the STK can be valued at 10 times earnings. If it is a new company with assets, the underwriter can value the stock at assets per share, citing a few examples.

77. New stock issue problems: When an operating company's stock is down, or they have shown a loss for the year, or the economy is bad, the sale is usually postponed. The same holds for a private company going public and a start up company. Start up companies usually search for venture capital.

78. About IRA's: Banks charge an acceptance fee in 1993 of 50.00, an annual maintenance fee of 35.00 (every year), a termination fee of 50.00. In 30 years it will amount to about 1150 (in 1993 dollars).

79. About wrap accounts: It is nicknamed "Wrap Account:, Because all costs-the money manager's charge, brokerage commissions and any other expenses are wrapped in an annual 3% fee. The big sales pitch for wrap accounts is they the customers' portfolios are handled by experienced professional advisors who devote full time in deciding when to purchase and when to unload. This is not a good deal. Be your own money manager. Make your own investment decisions.

80. About investment seminars: Never attend an investment seminar. They want to sell you something, or get you to invest your money in something that may be a good deal for them, and not for you.

81. The income statement has one major deficiency. It only shows changes in the financial position that produces an operating income or loss. Many important events can occur and not appear on the income statement. For example, the owner may put more money into the business or take it out. Buildings, equipment, or other assets can be bought or sold. New liabilities can be incurred or old ones paid off. For these reasons,
the cash flow statement is used to show all changes in the financial position and cash that place during an accounting period.

82. Cash budgeting: The cash receipts minus the cash disbursements equals cash budget (cash on hand + cash in ). Materials, supplies labor, overhead, capital expenditures, income taxes, interest expenses, are the total disbursements. The lights, gas, telephone, and water is included in the overhead.

83. "Neither a borrower nor a lender be," William, Shakespeare

84. A corporation is an artificial being that has everlasting life, but the management of that corporation changes from time to time. Never forget that there are good managers and bad managers. Also, the core business sometimes becomes outdated and this is where management becomes very important.

85. What exactly is in a guarantee? when you hear a financial product is guaranteed ask two additional questions. " By whom?" and "Against what?" this holds true for any guarantee or warranty. Read the fine print.

86. The Babe Ruth complex: many investors believe they can score the big one find the right stock and watch it soar. There are a lot of Babe Ruth dreams in the market today. Yes it can be done and it will be done, but the odds are against it. Stocks have a way of proving that.

87. Why does a company split its stock? when the price of the stock gets too high, a price beyond the reach of most investors in the main reason.

88. The late Henry Ford drew a sharp distinction between working hard and doing hard work. He believed in the former and very little in the latter. He believed that machines not man or animals should do the hard work. Technology has transformed our world and will do so in the future.

89. Using corporation earnings it is possible to forecast whether the stock market will be up or dawn during the next 6 months. The formula is: Total up / (tot up + tot dn) * 100 will give you the probability in percent of the market being favorable.

90. No one can forecast the future or the outcome of anything. But one can make an educated guess provided that guess is based upon sound reasoning. For example, the state of the economy is based on sales to people; or, the stock market is based on corporate earnings.

91. About stock market crashes: the 1987 stock market crashed for no known earthly reason other than there were more sellers than buyers. When an event like this happens and your sales and earning indicators are favorable, when the dust settles its the time to step in and buy. Those who did are wealthy today.
92. Companies don't have the same growth rate, credit rating or category forever. Their financial condition changes with the economy, with good or bad management, with product mix, and over a period of time. The financial statements, the fundamentals will help you keep up with the changes. John D. Rockefeller once said "Do you know the only thing that gives me pleasure? It's to see my dividends coming in.

93. Know that the debt is a real number and that assets may overvalued.

94. About cash rich companies: Cash per share plus retained earning per share equals total cash per share. In a recession cash rich companies are buying back their share. In a sudden sell off, the stock price of cash rich companies will not fall below the the total cash per share price.

95. "When business is bad you do maintenance because when it is good you don't have time."

96. Any time a utility suddenly drop in price look for a rejected rate increase. If a state regulator slashes a requested rate increase in half, it financially devastate a utility.

97. Don't be a cowboy and ride your investments up and down. When its' time to take a profit--take it.

98. To profit in the stock market, you must participate. Never be paralyzed by indecision.

99. Remember: diversify, buy the right stocks at the right time, buy for safety and don't overlook the risks, buy for income and total return. Weed out under performers.

100. Never forget how difficult it is for small venture companies and small companies in general to succeed.

101. A cash rich company can be defined as one with liquid cash, asset, a positive working capital, and no debt.

102. In evaluating a company one must consider sales growth, earning, cash per share, yield, dividend payout ratio, cash flow, dividend safety, dividend growth, expenses, debt ratios, and the working capital. And don't forget that the bottom line is the net profit.

103. "Quality is a journey, not a destination,"

104. No one goes through life planning to be disabled or to get old, but everyone does. Save and plan for the future.

105. About debt: "debt can multiply profits on good times, and multiply losses in bad times. We are talking about corporations, not individuals. When an individual takes on debt it is usually for the purpose of bettering his lifestyle."
106. An educated guess is better than a wild guess. A systematic approach to a problem plus careful planning and sound reasoning can offer a solution or an answer that has a favorable probability of being correct.

107. Investment review: stick with what you know, and invest close to home.

108. State and municipal bonds are tax exempt. But government obligations are not. However, government obligations are exempt from state and local taxes.

109. Understanding the language of Wall Street: Analysts don't want a company angry with them, so they will seldom issue a sell advisory. They do issue buy and hold advisories. Hold is their way of saying sell. When they do issue a sell advisory pay attention.

110. Peter Lynch does not believe in predicting markets. He believes in buying great companies—Especially companies that are undervalued and/or under-appreciated.

111. Pick the right stocks and the market will take care of itself, -Peter Lynch .

112. No one is born with knowledge. We learn from others. Everyone of us are learning animals. Make the most of your opportunity to learn. Be all that you can be.

113. About the law: It is presumed that everyone knows the law but most of us do not. However, we all know the right between right and wrong, and we should all try to do the right thing.

114. Know that there are about fifty companies with a direct purchase program. Here are a few: Exxon, W.R. Grace & Co, Johnson Controls, Communication Satellite, Some Utilities (If you are a customer), Know that there are about 100 companies that let shareholders buy stock through their drip at a discount.

115. Opportunity comes mostly disguised as work.

116. When you own a business, you put your resources, your credit, your dreams and energy on the line, everyday. And success does not come easy, if it comes at all, because no one knows if they will be successful unless they try.

117. The Federal Reserve's momentary policy can and does have an effect on the stock market.

118. When the new S&P Stock guide is received check the common stock ranking changes and then check the PFD stock rating changes. Also, check the name change section.
119. A banker's job is to bring money into his bank. Many people turn to their banker for investment advice because it's free, but the banker may not tell you alternate ways that one can avoid brokerage fees and commissions. Also, he may not know.

120. An investor must know that all stocks rise and fall all the time and for various reasons. If you have bought sound securities with a strong balance sheet and paid cash for them at the right price, there is no need to worry.

121. An investor must learn that safety and best return are not synonymous. Money is not made in the stock market or anywhere else by haphazard investing.

122. An investor must assign considerable weight to a company's record, what I'm talking about is the test of time. Its earnings and dividend record over a period of 10 to 20 years, an established seasoned company in an industry with a bright future, company who has kept up to date.

123. Investors must keep in mind that the stock market is littered with traps just waiting to ensnare the unwary. Mutual fund traps, annuity traps, certificate of deposit early withdrawal traps, self-directed IRA traps, bond traps, annuity early traps, bond sales before maturity traps, drip traps, brokerage fee traps, unsolicited stock salesmen traps (bucket shop solicitors).

124. "The only thing worse than dying is... outliving your money."

125. "Stocks of overseas firms tend to be volatile."

126. Thomas A. Edison once said, "first, be sure a thing is wanted or needed, then go ahead."

127. In 1903, Henry Ford organized the Ford Motor Company with only 28,000 dollars with only 11 investors. One investor put in 2,500.00 (only 1000 in cash). He drew 5,000,000 in dividends and in 1919, he sold his stock to Henry Ford for 30,000,000 dollars.

128. Henry Ford, the creator of Mass Production, knew that people wanted cars at an affordable price, and he produced them through Mass Production.

129. Jean Paul Getty bought low-priced oil stocks during the Great Depression when no one else was buying and established Tidewater Oil Company which later became Getty Oil Company.

130. Peter Cooper designed and built the first American steam engine, which started the American Industrial Revolution.

131. John D. Rockefeller established the American steam engine, which started the American Industrial Revolution.
132. Albert Einstein theories of relativity led to entirely new ways of thinking about time, space, matter, energy, and gravity. Einstein's work led to such scientific advances as the control of atomic energy and to some of the investigations of space currently being made by astrophysicists.

133. "Right now, markets are difficult, but they can - and will - change in unexpected ways and at unexpected times", -Warren Buffet.

134. Put options: A put option gives the holder the right but not the obligation to sell a stock at a fixed "strike price" for a specified period of time. Put options gain when the underlying stocks decline.

135. Gold can go down in a bear market along with stocks.

166. If an investor feels that inflation is climbing he could buy gold mining stocks or gold mutual funds.


168. The board of directors of a corporation are appointed. They can not be voted out of office by investors. An investor can only withhold coming for them, a way of expressing approval or disapproval of their actions. Shareholders do vote for or against shareholders proposals.

169. If you don't know where you are going you will never get there.

170. Complacency is a big hazard, always strive to do better, look for potential opportunities all the time.

171. Failure isn't necessarily permanent ....but then again neither is success.

172. Assets are not a measure of wealth if the liabilities are not subtracted.

173. Stock buy backs are another way of increasing earnings.

174. Leverage is another name for debt, such as bonds or PFD stocks, used in the capital structure. A highly leveraged company is operating mostly on debt. If a company is successfully operating on debt, they must have a positive cash flow all the time. Investing in highly leverage companies is not recommended and should be avoided.


177. "No matter what your business, you need a winning game plan. Bill Walsh, Hall of Fame football coach."
"Stand by your stocks as long as the fundamental story of the company hasn't changed." Peter Lynch, The #1 Money Manager.

Investors can learn from corporations. A corporation pays 60% of the net earnings to shareholders in dividends, retaining 40% of net earnings for growth. Shareholders need to reinvest as much of their dividends as they can for growth and to protect the principal in case of a market sell off. Never endanger the principal.

If an investor always takes his dividends in cash and spends it, when the market sells off he is endangering the principal. This is another reason why a reinvestment plan is so valuable; as the years pass reinvestments build up a protective cushion that protects the principal against market downturns.

"Whether the glass is half full or half empty isn't important - It's who owns the glass!"

It is important to know the cost basis of every asset a person owns. When as asset is sold the capital gain or loss is the difference between its basis and the proceeds from the sale.

Never forget that chemical companies work with dangerous chemicals that can and do cause injury, death and destruction to people and the environment. They are subject to restrictive government regulations and lawsuits.

Capital structure analysis: A strong financial structure is necessary to survive economic recessions and depressions. Companies that don't have a strong capital structure can make it in good times, but in bad times they struggle to stay afloat.

About dividends: A dividend is considered safe if the dividend pay out ratio is less than 60%. If the payout ratio is between 60% and 90%, the dividend must be rated caution. If the payout ratio is over 90% the dividend is in danger. If the payout ratio is over 100% the company is in trouble and a dividend cut or suspension can be expected.

About total assets: If a company has 25 billion dollars in total assets, it would be correct to say that it was a 25 billion dollar company.

About current assets: If the current assets is more than the current liabilities, the company has a positive working capital, which means the company can pay its current debits without borrowing short term money.

About mandatory redeemable PFD stock: Mandatory Redeemable PFD Stocks.

About bonds: Bond prices will sink if the feds raise the interest rate. As bond prices fall, their yield will rise. When buying bonds it is best cot to buy a single long term bond.
Consider laddering, buying bonds due in 2, 4, 6, 8, 10 years. Another approach is to ignore long term bonds and instead buy short to intermediate term bonds or bond funds. Buying long term bonds is really a speculation.

192. A Single State's municipal bonds are free of state, federal, and local taxes, but Texas does not have an income tax. N.Y. does.

193. Investors need to know that the price of a stock rises just before the record date and then falls back after the payable date.

194. Never buy casualty insurance stocks, earthquakes, hurricanes, tornadoes, floods, injuries, accidents, malpractice suits, burglary, robbery, libel, slander, hail damage, fire damage, windstorm damage, water damage, makes casualty insurance stocks risky.

196. Investors need to study more, never invest your money with out doing research. If you do that you are gambling. Invest in good companies that you know and understand.

198. About restructuring: Defensive restructuring is what has got to be done to protect the company from losses or failure. Offensive restructuring is another name for reorganization, to improve the company's operations.

199. No bird soars too high if he soars with his own wings.

200. 90 years of successful banking and then the bank failed. The moral to the story, success does not guarantee future success.

201. Advances in technology now allow banks to clear checks fast. Banks are beginning to use electronics to speed the time to clear checks, thus eliminating the float.

203. Restructuring charges are caused by management mistakes and is an expensive item. Restructuring is another way of saying we made a mistake, and it is going to cost money to correct that mistake.

205. About debt: Bank and commercial paper are the worse kind of debt. If a company gets into trouble these loans can be called, and if the company cannot pay off the loan they are in big trouble. The best type of debt is a funded debt. Funded debt cannot be called no matter how troubled the company is, just as long as they keep paying the interest. An investor should pay attention to the debt and the debt structure. Sammy Davis Jr., one of Hollywood's most popular entertainers, made millions of dollars during his lifetime. But when he died in 1990, he ended up owing the IRS 5.2 million dollars. The problem was bad investments. His wife had to sell their 11,000 square foot mansion and auction off 500 items of her husband's jewelry etc. to help pay off the estate's federal taxes. Even that did not pay off the debt. The moral; never put any trust in investment advisors, financial consultants, stock brokers, brokerage firms.
206. Investors looking for growth companies should look at the five year earning record, are the earnings increasing every year?

207. CYCLICAL STOCKS: Major cyclical stocks are large well known companies that investors consider safe but, it is here that an unwary investor can easily lose his money. The following are some cyclical industries auto, airlines, rubber, steels, chemical, defense.

208. Never forget, when earnings are up the price of share of stock is up. When earnings are down the share price is down.

210. If an accounting firm resigns from a corporation, an investor can expect the stock to drop in value as much as 50%. Accounting firms don't resign unless they have a good reason such as officers falsifying the financial records of the company, or company officials preventing the accounting firm from making an accurate financial statement.

211. Professionals always call the company for news and information, amateurs never do.

212. Analysis either call the company or visit the company and talk to those in authority for news, information, and forecasts about the company. They also analyze the financial statements to get the complete story.

215. Never get into the clutches of a banker or a stock broker. Buy what you can afford, and manage your own investments.

216. There is a difference between bank loans and long term funded debt. Credit card debt is the worse kind of consumer debt because, its easy credit, high interest, and the interest is compounded on the unpaid balance.

217. About Debit Cards: Debit cards are not the same as credit cards. As soon as the merchant calls in the debit card number, the money is immediately withdrawn from your bank account and paid to the merchant. The interest starts immediately. Credit card interest starts 30 days after purchase. Never apply for or accept a debit card.

217. About Telephone Fraud: Yes, it does exist. 3rd number calls means that someone has called the phone company and told the operator to charge the call to his alleged home number (which happen to be your number). When you get a statement or invoice from anyone, make sure you understand what all signs and symbols mean. If you don't know call up the company and find out. Don't just pay the bill.

218. About Invoice or Statement Fraud: Yes, it does exist. Never pay an invoice, wait for the statement, and make sure you ordered the merchandise and did receive it. If you pay by invoice and again by statement it is costly to the company. Pay by statement only.
219. Con men, swindlers, and stock hustlers exploit computer on-line services securities regulators in the United States an Canada say. Pushing a few keys con artists can broadcast their come-on's across the continent. It's better than cold telephone calls.

220.

223. Companies have spent vast sums on technology. Now they have to figure out what to do with it all. Companies are a long way from unleashing the real power of the technology that has cost them so much.

225. On line services offer subscribers an enormous amount of information.

226. Employers need computer training. The neglect of computer training has high cost.

227. We must get out of the technological stone age. -From the Wall Street Journal

228. Sometimes the best investment strategy is to be flexible.

229. "The stock market is a swirling eddy of continuity and change."

230. "Smart investors aren't looking for sure things: they've learned that there are none. Instead, seasoned investors look for techniques that can improve their odds of success." -John R. Dorfman, staff reporter of the Wall Street Journal

231. Past performance is no guarantee of future results, and that's true, but it is still the best way to invest.

232. Storms never hit without warning, the problem is the warning signs. If your investment portfolio is economically strong and you don't panic and sell, you will ride out the storm. In fact, it may be a buying opportunity as the economic storm ends.

233. Never take the following warning signs lightly: large corporations reconstructing, laying off employees, offering early retirement, closing plants, reorganizing, staff reductions, senior management changes, dividends cut or omitted, deregulation, rising interest rates, government restrictive laws or regulations, selling earning assets, citing a few examples.

234. When companies become big, they usually become complex as well. A simpler organizational form enhances communication and requires fewer staff and management people.

235. For a merger to be successful, the companies involved must solve the problems of complexities, less management, cost reduction, staff and employment cuts, reduced capital spending, the elimination of operating duplications are a few examples. The New York Central and the Pennsylvania Railroad Merger failed because their tracks ran side by side for thousands of miles and they could not eliminate operating duplications.
236. 800 telephone numbers may or may not be free. Usually their is a recording to inform you that the call is not free.

237. If telephone fraud occurs do not think it will be easy to adjust the problem.

238.

245. About annuities: Never be a fan of annuities. They have high charges levied on them and the income on them is not all that great. Sales charges can amount up to 9% of the premium paid. Some insurance companies charge surrender fees during the first 7 years in lieu of up front sales charges, and the insurance companies often impose annual administrative fees on annuitants. The 6 or 7% the insurance agent talks about includes both interest and a return of your own money.

246. Deregulation is affection the electric utilities. Utilities no longer have a service area monopoly. Soon all utility customers can buy their electricity elsewhere and have it transported to their facility, home or business. Competition has arrived. Watch out for utilities that are high cost producers, those with nuclear power plants, high payout ratios, weak capital structures and high debt.

247. Electrical deregulation will cause some utilities to fail, others will merge, expect many utilities to reorganize and divide their companies into generating, transmission, and marketers of power. Companies to have regulated and non regulated businesses. Expect low cost producers to wheel into other service areas and sell power to WHSE and industrial customers of the higher cost utility. Big changes are coming and it will have an effect on utility investments.

248. "Yesterday is a canceled check; tomorrow is a promissory note; today is the only cash you have-so spend it wisely." -Kay Lyons

249. Mutual funds vs. DRIP's: DRIP's offer an investor an important level of control over one's investments that mutual funds do not offer.

250. About direct deposit: No stolen or forged checks, no lost checks, money in the bank while traveling, no special trips to the bank, no inconvenience at the bank, no mail delay on deposit, detailed check stub mailed to you, bank statement shows amount of deposit and date.

251. About luck: To be lucky one must prepare for luck. Hazardous buying of land will not make you a rich oilman, but careful study of all possibilities may do the trick. Fortunes have been made in real estate by those who understood when to buy, where to buy, how to buy and when to sell. Fortunes have been made in the stock market by those who understood what to buy, when to buy, and when to sell. Luck will not happen to those who have not prepared for luck. Successful men and women are lucky because of their preparation for success. Education, knowledge, study, developing a plan, and carrying out the plan is the key.
253. About prominent names on a promoter's letterhead: Never make investment decisions based on prominent names.

254. Historically stocks and stock mutual funds return an average of 3% annually in dividends and 7% annually in capital gains.

255. Derivatives are risky investments. Risk in mutual funds is rising as many mutual fund managers invest or hedge in derivatives.

256. More about derivatives: check the annual and semiannual reports, look for terms, such as "interest only", "10", "principal only", "PO", "Z Tranche", "inverse floating rate", "inverse floater", "planned amortization class", "PAC", "collateralized mortgage obligations", "CMO's", "structured securities", "indexed securities", "inverse floating rate notes", "IFRN". They don't spell out the word "derivatives" in their annual and semiannual reports.

257. About big mergers: a big merger is a strain on management and financial resources.

259. A falling dollar and falling bond prices cuts purchasing power.

260. About stars ratings: ***** (buy), **** (accumulate), *** (hold), ** (avoid), * (sell).

261. Investments expenses can still pay off as "miscellaneous" deductions on taxes. Misc. expenses can be written off only to the extent they exceed 2% of the taxpayers adjusted gross income. Don't overlook work and taxes deductions or investment deductions.

262. About charitable gifts: gifts of appreciated common stocks are better than a gift of money. Why? Because of the appreciated value. The tax savings plus the appreciated value subtracted from the amount of the gift is your actual cash cost.

263. Never invest in anything that is described as "high risk", "high interest high risk", "risky", "speculative", "a gamble", "not investment grade", "partnership", "derivatives", "high yield", "high yield bonds", "junk bonds", "commodities", "options", "collateralized mortgage obligations", "high yield high risk". If you don't understand it, don't invest in it. Be a conservative investor.

264. More about derivatives: potential losses from derivatives are unlimited and can threaten a company's survival.

265. A labor strike affects the financial condition and liquidity of a company. It affects the working capital, the accounts receivables, the inventories, which are only partially offset by decreases in accounts payable and accrued income taxes.
266. The SEC reports that there are 470,000 stock brokers in 1994. 10,000 of them had one formal disciplinary action against them. 816 had three or more formal actions against them. The SEC is cracking down on rogue stock brokers. Yes, they do exist.

267. TOD, transfer on death security act is valid where the company was incorporated and not where the shareholder lives.


269. Be on your guard when dealing with stock brokers, insurance agents, automobile salesman, roofing and siding salesman, peddlers, solicitors, agents, citing a few examples.

270. With postal rates continually increasing it may be time to look at alternative ways of receiving and sending out mail.

271. ABOUT SUCCESSFUL MANAGERS: All leaders should know that they are five people. Who they are, who they think they are, who their bosses think they are, who their peers think they are, and who their subordinates think they are.

273. MORE ABOUT DERIVATIVES: Derivatives are financial agreements whose returns are linked to or derived from the performance of underlying assets such as bonds, currencies, commodities, mortgages, indexes, institutions and banks with large foreign holdings hedge in derivatives for protection against sudden changes in currencies and interest rates.

274. MUTUAL FUNDS INVEST IN DERIVATIVES FOR PROFIT. Many mutual funds had to be bailed out by their sponsors to keep from breaking the "buck". One fund in 1994, did break the "buck". Community Bankers U.S. Government Money Market Fund was it's name. This is another reason it is best to be your own portfolio manager.

275. OUR GOAL IS TO MAKE MONEY BOTH WAYS. Investing in a drip plan allows one to make money in bull market and accumulate stocks in a bear market. Then, when the bull market returns, turn your profits into other stocks. Keep spreading the risk.

276. INSURANCE COMPANIES CAN GO BROKE OR BE SEIZED BY THE GOVERNMENT. When investing for your retirement don't put all your eggs in one basket. Instead of purchasing an annuity from just one company spread it out among two or three insurance companies.

277. ABOUT BUYING OR SELLING STOCKS: What does the company's stock graph show? What does Capital Structure Analysis show? What is the SMD Star Rating? What does the most recent quarterly report show? What is the state of the economy and the stock market? If the capital structure is strong and the earnings are good, it may be
the time to buy if the stock is selling at it's low. But always consider the problems. They may be political, regulatory, management, or economic.

278. ABOUT CHARTS: Stocks selling above the envelope indicates good news such as good earnings and is not the time to buy. Stocks selling below the envelope indicates bad news such as bad earnings, a bad economy, and may be the time to buy. Stocks selling below the envelope indicates bad news such as bad earnings, a bad economy. And may be the time to buy. Stocks selling within the envelope indicates there is no news, the earnings are steady, the economic conditions are good and it may be a time to buy. It is best to buy below the moving average line. Cyclical stocks fluctuate and it is best to buy these stocks at the bottom. Stocks in a steady decline with no rebound should be avoided.

279. THE "PINK SHEET" MARKET: It is for companies too small to be listed on Nasdaq or have been de listed from the bigger exchanges for some irregularity. The stocks you find on the "pink sheets are usually penny stocks that are highly speculative. Never buy this type of stock.

280. MORE ABOUT CHARTS: Double bottoms are important indicators. They indicate resistance levels and a change in the direction. A double top (v or u shape) indicates a downward movement. A double bottom (inverted v or u shape) indicates an upward movement.

281. ABOUT RESISTANCE LINES: Shares bought or sold over time at about the same price establishes a resistance line. If the resistance line is broken on the upside, the market is in untested territory. If the resistance line is broken on the downside, investors can expect it to hold at the next lower resistance level.

282. THERE IS NO SURE THING. All investments have risks. When to buy is just as important as when to sell. Investigate before investing and do research before selling. Never be involved in impulse buying and never engage in panic selling. Buy stocks with a strong capital structure, and good earnings. If you buy big companies with a strong capital structure selling on it's lows, you may never have------------

282. Nothing is ever as good or bad as forecast. Don't jump in to something because of a good forecast and don't panic and sell because some one forecast a turndown. When in doubt don't do anything. Time some times solves the problem. If you have spread the risk in different stocks, different industries, and different investments: your problems may be minimal.

283. Tax selling: capital losses can be applied against capital gains. Tax loss selling: an investor must wait 31 days before buying back the stock. And investor can take the money from the sale and put in other stocks and still take the loss. If there is no capital gains, the tax lag only allows the investor to apply 3000.00 of the loss per year until the tax loss is used up.
284. What affects municipal bonds: Material events suck as the loss by a small town of a major employer, a decline in hospital's occupancy rate, the withdrawal of a large carrier from an airport, the forced closing of a utility's troubled utility plant.

285. About the bid and ask price: the ask price is what the dealers will sell the stock for and the bid price is what they will buy the stock for.

286. Always be ready for a downturn and don't blame government policy and imports.

287. Governments don't go bankrupt, they just devalue their currencies. Be aware that anytime a country changes it's monetary policy, whether it be going off the gold standard, issuing new money, devaluation of the currency, increasing or decreasing the money supply, raising or lowering the interest rates, price controls on labor and materials, or raising or lowering taxes, affects everyone.

288. Restrictive government regulations can make it unprofitable for corporations, look at the international oil companies who are now exploring for oil overseas, oil tankers now have to have double bottoms and excessive insurance to dock at our ports, restrictive domestic drilling regulations, safe water regulations, are a few examples.

289. Inflation is an investor's primary foe. The best way to beat inflation is by assuming risk. Common stocks have the best track record of out-pacing inflation. Many people think they are investing safely by investing in bonds, certificates of deposits, and US treasuries, but they are taking big risks because of rising prices over time.

291. Always remember investing in the stock market is not a game.

292. The financial structure includes all the ways assets are financed as well as debt plus equity.

293. Things to consider before investing in common stocks: the S&P common stock rating (A+ is best), the S&P credit rating (AAA is best), the star rating (4 stars is best), strong capital structure, the P/E ratio, and the growth rate.

294. Where do you find the above ratings? In the stock guide, the bond guide, and investor's alliance.

295. Higher interest rates play havoc with bond prices and treasury bond funds.

296. Key financial analysis ratios: sales per share, earnings per share, cash flow (net income+tax+depreciation) per share, book value per share, dividends per share, dividend yield, (dividend/average price per share), return on equity (net income/shareholders equity), high/low price earning ratio, high/low share price.

298. When you invest in mutual funds, you lose control.

299. About brokerage firm research reports: Wall Street makes huge profits underwriting new issues. The same firms write the research reports. This is a conflict of interest. Investors are wise to ignore such reports.

300. Never play the other man's game. He will beat you every time. He is the expert in his field. Stick with what you know and what you can do. They didn't build those casinos with their money. Car dealers have more ways than you can think of to separate you from your money. Successful corporations are run by experts in their field. Don't bet on anything, is a good rule to follow.

301. Never give advice because people have already made up their minds they just want you to agree with them.

302. About stock prices: no stock price is current, the S&P stock guide is a month behind, the ticker tape is delayed 15 minutes, investor alliance is updated after 8 pm every night, mutual funds update after the market closes daily, the newspapers update after the markets close daily, we update from the ticker tape and from investors alliance as required. We update 8 hours a day. We are not traders, we are long term investors.

303. Another warning sign of trouble: the company has a negative working capital and a negative cash flow.

304. Short term borrowing is another name for negative working capital.

309. About portfolio management: an investor needs to know how to manage his portfolio. How to make it grow without investing new money, when to sell, what to sell, balancing capital losses against capital gains, raising money to pay taxes, reinvesting net capital gains, cleaning up the portfolio, taking advantage of year end selling, keeping good tax records, keeping accurate capital gains and capital losses records. An investor needs to know about losses and gains long before the tax year ends. Don't make the common mistake of not knowing.

310. About investors: anyone can be an investor, all you need is money, but being a successful investor requires the knowledge and know how of a portfolio manager AKA
money manager. Being able to read and understand annual reports, quarterly reports, make capital structure analysis.

311. Cost basis of inherited property: regardless of what the deceased paid for his assets, the inherited cost basis is the value at the date of death (or optional date). Keep the Wall Street Journal on the date of death, have all property appraised. Know what the deceased cost basis was on his assets. If the property is sold by the heirs, then you will be able to figure the capital gains or losses.

312. About computer models: scientists and engineers set up computer models to analyze, design, and forecast future events. Computer models of bankrupt and troubled companies can be setup.

313. Railroad stocks are closely tied to the economy.

314. Limited partner- A partner who has no persona; responsibility for the debts of the partnership beyond the amount of his or her investment. See tax shelter No. 1.

315. S&P will lower a company's credit rating if the debt to equity ratio is more than 50%. Reason: High debt increases interest payments which depresses earnings.

316. Total return includes the dividends plus the stock appreciation and assumes that all has been reinvested.

317. In reviewing a stock market graph never forget the dividends. In the 1960's the stock market graph was flat or showed a slight decline yet when the dividend was included it showed a 5% increase for the period.

318. Peter Lynch always looks at the 10 year financial summary in the back pages of the annual report. It shows the operating history of the company for the last ten years. It has the answers to questions that you may want. For example: are institutions buying, selling, or holding their stock? How many employees do they have? Is the company hiring or laying off? What are the selected yearly ratios? What was the balance sheet data for selected years? The dividend history? The net income history? The expense and revenue history?

319. Knowledge and timing are the two major factors in successful investing. Luck, gambling, or playing the stock market does not end in successful investing. We have all heard, Buy low and sell high@, Buy and hold@, Cut and run@, etc.; but successful investors add to each the two major factors Knowledge and timing@. Successful investors do not marry@ stocks not even if they work for the company.

320. The Forbes 500 ranks the largest public held companies four ways: By sales, assets, profits, and market value.
321. Patents are very important to a pharmaceutical company. The patent is good for 20 years, then it expires, and other pharmaceutical companies are free to make generic versions of the drug.

322. The missing money mystery may be your car@, John Unify. Where did all the household money go? The cost of owning and operating a car has always been beyond the reach of the average worker. Those who buy new cars become a slave to that vehicle. Don't be a new car slave.

323. A reverse stock split is a tax fee re capitalization for the company and its stockholders.

324. Never put stocks in street name. If one ever orders stocks to be registered in one's name, the brokerage firm can charge for each certificate it registers. If there is no activity in a street account, the brokerage firm can charge an account maintenance fee. If the fee is not paid the fee can be deducted from the dividends of stock can be sold. Brokerage can lay on any charges as long as the customer is notified in advance.

326. There is no pie in the sky@, No pot of gold at the end of the rainbow@. The stock market attracts big money and big money attracts con artists. There is no 100% return on your investment in six months. A fool and his money is soon parted@, and there are lots of fools and con artists in the business and investment world.

328. About con artists: con artists are super salesmen, the main thing going for them is their personality, their appearance, and their manners. They are actors. They are well liked by every one that comes in contact with them. People want to believe in them and what they sell, and the victims are just shocked when they find out that they have been swindled, and if they know they are usually so embarrassed they don't go to the police.

329. The bottom line is profits. There are many ways to analyze a company and the simplest way is to look at the 10 year summary in the annual report. All the data is there for all to see.

330. Goal #1: Make it. Goal #2: Keep it.

331. You don't manage assets for a long period of time unless you manage them well.

332. The Dow Jones Industrial average measures only 30 stocks, and there are 11,412 other issues that are not measured. The overall market does not advance or decline as fast as the measured stocks.

333. Yield' Yearly dividend/Present price

334. Net profit' Common stock income/Revenues*100

335. Book value' Shareholder equity/Common shares
336. P/E ratio' Present price/Yearly earnings
337. Debt ratio' Debt/Capitalization*100
338. Equity ratio' Shareholder equity/Capitalization*100
339. Expense ratio' Expenses/Revenue*100
340. Dividend payout ratio' Yearly dividend/Yearly earnings*100
341. Debt to equity ratio' Debt/Equity*100
342. Working capital' Current assets-Current liabilities
343. CA/CL ratio' current assets/Current liabilities
344. Quick assets' (Current assets-inventory) /Current liabilities
345. Earnings growth' Present earnings/Last years earnings*100

346. Risk less investment concepts that won't make one rich but can provide one with a dependable and secure income. They are: a single premium deferred annuity, a variable annuity that wraps itself around a family of mutual funds, and then zero coupon US treasury bonds maturing in the year 2010 or later, upon maturity buy CD's.

347. Big accounting firms are weeding out risky clients. The risk of them getting sued is too great if the client goes bankrupt. Anytime there is a change in auditors- Lookout!

348. A company can be too big to entice the gamblers, and too small to comfort the cautious. Some institutional investors will not invest in small or medium size companies and they miss out sometimes for so doing.

349. A piece of equipment is not any good to you if you can't operate it.

350. An investor needs computer software that will accept and retrieve data quickly. A program that will calculate, search, and retrieve by symbols, letters, words, and numbers. The program must be flexible so that the computer operator can update and change the program as the need arises. The professional data file that we use is a blank ledger card that permits the computer operator to design on the data file a program that fits his needs.

351. Mutual fund risk factors: stock concentration, sector concentration, a fund with cyclical stocks, leveraged funds, high price earning ratio funds, funds holding foreign stocks, worst performing funds. Stock concentration (not spreading the risk), sector concentration (buying different stocks in the same industry), leveraged funds, (buying stocks with borrowed money).
352. Cash position: In Wall Street terminology money market mutual funds are cash positions, meaning as good as cash in the bank or short term treasury securities.

354. Never make an investment decision in response to sudden changes in the market.

355. Efficient market theory: many factors make a stock increase in value. (1) Earnings per share, (2) Telling the company's story to wall street, wall street can recommend a stock that they favor, sending the stock price higher (sponsorship), (3) If higher earnings does not send the stock price higher, look for company problems that is hurting the stock's price.

358. The taxing people tax real estate but not securities.

360. Many factors influence the Dow Jones Average: earnings, inflation, interest rates, the dollar, merger action, the federal budget deficit.

362. Selling shares from drip: share identification, this is known as share identification. You must give written instructions. If no instruction is given and the IRS questions your return the FIFO method will be used. (first in first out)

363. Ask and ye shall receive. Call the company if you have a question.

364. A guiding principle of many investors is to buy only stocks of the largest companies with the best reputations in the logical assumption that these companies are bound to be sound especially if the have a strong capital structure and many institutions own the shares.

367. Program trading is done by brokerage firms for their own account or for their customers. The trading can be described as index arbitrage, derivative related, or other strategies. (arbitrage: profiting from a difference in price when the same security is traded on two different markets).

371. Failures and successes come from both sides of the tracks and from all races, creeds, and colors. Never forget, you are what you want to be, believe that, work for that, and you will achieve that.

372. Failure is never permanent unless you make it so.

373. Prior to the information age research for investors was limited to the standard & poor's stock guide, the wall street journal, and the brokerage office ticker tapes. Research has expanded today thanks to computers, financial software, on line information services, fax machines, and TV financial news programs. The ability to set up a computerized investment home office at a reasonable cost makes it possible for an investor to do research, search and retrieve information quickly and accurately. This was not possible before the information age.
374. The term beta@ means the measure of market risk.

375. The term alpha@ is a mathematical estimate of the amount of return expected form an investments inherent value.

378. The drip is an excellent way of accumulating shares but when enough shares have been accumulated it then becomes necessary to sell the excess and reinvest the proceeds either in the stocks in your portfolio or add the your portfolio another stock. It does not impress anyone by owning many shares in one stock, in fact it may be harmful to your portfolio in times of economic turndowns.

379. If you don't know how to do something know some one who does know how to do it and is willing to teach you.

380. Never get into anything you don't know anything about.

382. The all time low for the Dow Jones industrial average occurred in 1896. The low was 28.96.

383. Stocks that can be bought and sold through the company can be call no load stocks. McDonald corporation is the newest, others are, Dean Twitter, Discover, Mobil, US West, and a variety of banks and electric, gas, and water utilities, Exxon, Proctor & Gamble, Texaco, Johnson Controls, and there are others. Check with the company before buying or selling through a broker.

384. Annual reports: report issued to stock holders that contains the basic financial statement, management opinion of the past operating year, and prospects for the future.

385. Capital structure: the long term financing of the firm represented by bonds, leases, preferred stock, and common stock.

386. Cash flow: the actual money coming into the firm (cash inflow) or paid out by the firm (cash outflow).


388. Commercial paper: short term non secured promissory notes issued by commercial, finance, and industrial firms. The maximum maturity is 270 days.

390. Two forces drive the stock market engine, interest rates and expected earnings., Wall Street Journal

392. About owning less than a 100 shares in a company: it is desirable to buy shares in round lots but if you own a small number of shares in a company and don't have the money to buy enough shares to bring it up to 100 shares start thinking of the stock in it's
dollar value. A 100 shares of a 15 dollar stock has the same value as 15 shares of a 100 dollar stock.

393. Be aware that restructuring costs can fudge the figures. Frequent resort to such a strategy makes present earnings better by shifting the balance of the restructuring costs to the coming year. In other words the company is not current with their restructuring expenses.

394. Restructuring cost is an expense, and is found in the income statement. It is also found in various sections of the cash flow statement, and explained in management notes to the shareholders.

395. Rising gold prices often signal inflation troubles ahead.

396. About economic indicators: economic indicators usually reach the rank and file investor outdated. Investors need up to date information. One of the best is the Dow Jones averages. They are updated daily and reflect the thoughts of many investors, what they buy, what they sell, and what they believe will happen to the stock market.

397. Flyers make money in the stock market and plodders are usually too late. Anyone can be a buyer with computers. Let the computer do the investigating, it can extract the information you need at high speed, then be ready to act because the market is always moving. To sum it all up; flyers make money and plodders are too late.

398. Some investments can not be sold or converted into cash easily.

399. Check to see if there ate any penalties or charges that must be paid if you must sell an investment before it's maturity date.

400. Buying securities in a company with little or no operating history or published information may involve great risk.

401. A high pressure sales pitch can mean trouble.

402. The rule of 72: divide the annual return into 72 you will find out how many years to double your investment. 72/10'7.2 years.

403. Yield is the annual amount of dividends. with CD's and money market funds, which does not fluctuate in value yield equals total return.

404. Safe Harbor statement shield a company that makes erroneous forecasts from shareholders lawsuits.

405. Investors should change the rise or fall of the Dow Jones averages from points to percentage. For example: a 55 point rise or fall in the DJ industrials sounds.