

An Open Letter To Anybody Who Has Lost Significant Money Through Careless Speculation

Editor's Note: this article was originally posted on May 21, 2012. Yup, quite awhile ago. So, why are we reposting it here now?

Because, of all the raw, lets-keep-things-real-and-accountable articles Barry & Brad have collectively written, this one takes the cake.

First posted on our original site / brand, WealthVault.net, it was our most popular publicly-available Fact & Opinion piece. It generated the most responses; responses that were full of 'Thank You's for... "opening my eyes..." and "for always passing along truth and authenticity in everything you do..."

In other words, there is indeed a demand for not just selling shiny objects or for selling hype. The entire alternative investment and opportunity / biz opp world is full of slick salesmen and women who want one thing; your money... even if it doesn't make sense giving it to them will actually positively serve you.

At M4, we've kept our vow over the years to maintain a very genuine and barstool direct atmosphere... even if that means ruffling some feathers from time to time ;;).

Under the Education & Ideas folder inside the Vault [now M4 Insider], we have an article titled: "[Why HYIPers Keep Speculating In Pork Bellies.](#)"

In it, Barry outlines the departing wisdom he got, from a grizzled ol' commodity trading veteran of 30 years, named Richard.

This mentor of his — for 6-months — practically dragged him back into his office by the back of his shirt collar to throw down some departing raw "*money-growing secrets*" as he called

them.

Whether it was out of a sheer desire to instill final lessons of the game of money upon him, or just out of an 'I owe him this much so he can pass it on' yearning, we can't say for sure.

However, what we do know, without question, is this:

Human psychology 301 lets us predict our foibles, one of which is that the embarrassment of our inabilities (represented by our mind fooling itself into seeing instant riches upon our doorstep) can vastly outweigh our thinking and reasoning ability to humbly ask questions.

Questions are powerful. Actually, to be more dramatic, they are cardinal to your existence. To re-quote Jeffrey Gitomer of *The Sales Bible* fame, with a twist:

"They are to 'risk-capital' [sales] as breath is to life. If you fail to ask them, you will die. If you ask them incorrectly, your death won't be immediate, but it's inevitable. If you ask them correctly, the answer is... a likely return ON capital [sale]."

One head-scratching question that Richard asked Barry one fine day in the summer of '94 is:

"So why do so many people lose money trading in the markets while others consistently make hundreds of thousands — even millions — of dollars each year?"

Richard certainly had some answers to his own question. After all, when you have that much experience doing something, and doing it well, you can't help but *notice* things.

And, without sounding trite or having you picture us as the proverbial strict ruler-in-the-hand teacher, if you're spending any amount of your time or money participating in speculative, higher-risk investing vehicles (the kind, ya know, where your return is solely based off the price movement of a tradable asset, and not so much on the sustained long-term value of the asset), you'd better have eyes wide open.

Now, before we continue with our tongue-in-cheek perspective below, you should know that throughout this article, you will find links to articles and reports we've written that give insights and lessons learned based on our experience with investments and growing our money (or, in some cases, attempting to do so without success).

We have learned the hard way — just as you may have too — that sometimes our expectations aren't reached; and, sometimes our worst fears come true.

That being said, you should know that we have a combined 50 years of direct experience in this industry. When you add on the wisdom of mentors long past, it probably nears 100 years' worth of wisdom (er, "caution" is more like the word we were thinking).

Most of the time, losses boil down to a few simple sins. Simple, we say... but not so much easy to employ. Humans are humans after all, and for every old man in Las Vegas still hitting on a hard seventeen at the Blackjack table, there will be a middle-aged woman driving ten miles out of her way to use a \$.50 coupon on milk.

Yup, some people never learn. Sure, we get that at times the problems can be traced to the system, market, or trading approach itself but most of the time, in our experience, it all boils down to our own flawed and reckless *human behavior*.

[More on that shortly...](#)

Recently, we were made aware that a very large number of investors (many of which are first-time investors) from a popular online wealth-education organization, suffered severe losses (in some cases, up to 63% of their account equity) when the head trader from a previously successful managed Forex firm broke his own trading rules and executed some lamebrained trades.

In response to this disastrous debacle, many participants are placing blame on the trader and on the company that hosted this service.

Yet, what they fail to realize is there are ALSO two other responsible and guilty parties:

1. The investor himself / herself;
2. The marketer or referring party for not sharing with the investor the enhanced risks involved; for hyping up and exciting the investor to the point where he/she lost all sense of

reality to the consequence of *going ALL IN*. And for not helping to guide the investor to proper money / risk management expectations.

To point #1, holy smokes, just where the heck do / can we start?

Naivety, lack of investing education, the lemming mentality [peer pressure, social / group influence / fear of exclusion], greed, impractical thinking about risk, lack of awareness about how money tied to markets really works, and a general desire for instant gratification.

Ouch... we know that stings! And, we feel for you if you've lost big money recently, or in the distant past.

Hey, we've all been there. But mistakes are only failures if you don't learn from them... If you do learn from them, they can be one of life's greatest successes.

To point #2, the company behind this service had its own level of faults. It constantly broadcasted and emphasized (i.e., hyped-up) the amazing — and, it was incredibly amazing — 5-year past performance of the firm, while minimizing its current and future risk potential.

Now, again, we stress while it is up to each investor to understand risks on their own level, the company definitely could have done a better job to lessen expectations to a more realistic level AND help each new client understand what we call '*Milk Money*' or *Vegas Money* — in short, *don't speculate with funds you can't afford to lose*.

Here's a hypothetical scenario to try on for size:

The host of a made-up show we'll call *Let's Make a 'Grow Your Money' Deal* says that behind door #1, you can earn 8% per month on your money. But, that deal is incredibly-risky. He briefly mentions how you also might lose all or most of the capital you put into it.

Or, behind door #2, you can earn a more conservative, yet still above-average, 3% per month return on your money. But that deal is less-risky. It has a longer track record and comes with built-in safeguards such as a one-of-a-kind money management strategy that prevents your account from encountering significant losses, while simultaneously locking in a steady stream of risk-adjusted profits.

Which deal makes more sense?

And, if somebody you know did choose deal #1 — especially if they employed more than, say, 5% of their available investment capital to the deal — would they have anybody to blame but themselves?

Now, back to more barstool chastising on the referring ‘marketing’ party.

Any ego-inflated marketer — or, false guru disguised as an “investing expert” — who over-emphasizes one investment vehicle (one that by function is really designed for high-risk trading capital) in a ‘you gotta get in on this now’ style pitch clearly does NOT have a proper understanding of *markets* and *money management* for his members.

And, they’re probably a bit delusional too (Oh wait, but [we’ve covered these self-serving types before](#), haven’t we?) 😊

There is a time and place for high-reward (high-risk) opportunities. But, they should NEVER be the centerpiece for an investor’s life. They should represent a small portion of the investor’s overall assets and should be used as a method of diversifying the portfolio.

This is precisely why we’re unimpassioned about the investment, trading, and profit opportunities we vet out and archive inside the Vault [now M4 Insider]. We get the reality of the business.

First, we have to take an arms-length ‘no-pressure’ role into our research in the first place (it keeps Big Brother from seeing us, unlike others who cross the line, as “advisors”).

Secondly, our business model wouldn’t ever adequately give us the avenue to know everybody’s personal situation (i.e., age, financial goals, income/expense, risk-tolerance) in the first place. Yet there are many financial research vendors out there pretending they can or should strongly endorse a particular investment vehicle, even though they have no legit method, means, or legal sanction to be doing it.

It’s what licensed professional are for. See our article [How to Be a Successful Do-It-Yourself Investor... and... Why You Still Should Have a Fee-Based Investment Advisor](#).

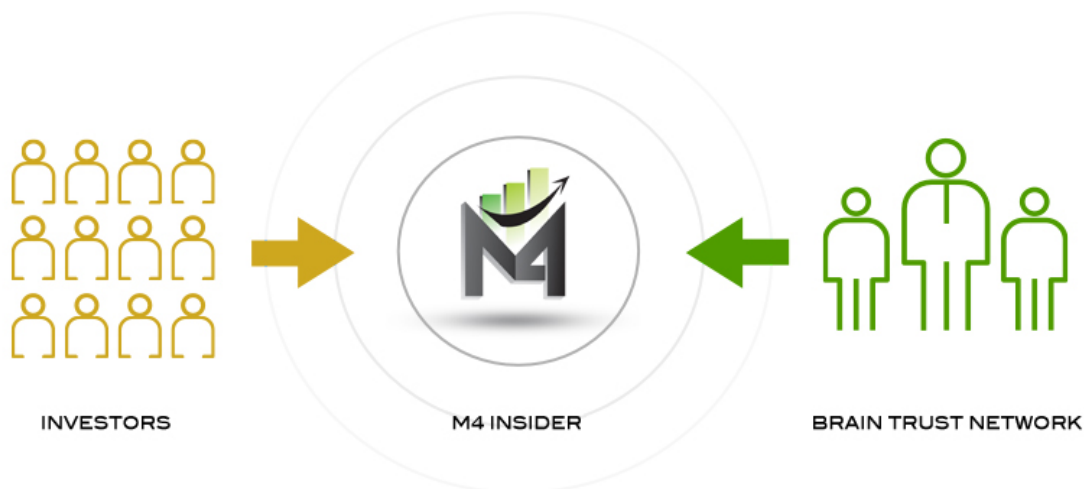
Lastly, we care more about our members’ sanctity for grounded money-growing practices (and their sanity too – via the Money >> Manage section of M4 Insider, see Brad’s [The Sane Investing Report – How To Safely Multiply and Manage Your Money](#)).

We're driven by a quest to find people and programs that excel at level-headed expectation and sustained results; not excessive greed and marketing hoopla.

Yes, some of the best vendors are the ones who don't have a marketing or referral program attached to their wares. This is what we FOCUS on inside our Vault [now M4 Insider]. Our "Braintrust Network" consist of a collection of full time professional traders, seasoned investors, money managers, and market analysts who thrive in the investment world.

What Exactly Is M4 Insider?

M4 Insider (M4i) is a private membership club that connects investors, entrepreneurs and everyday people to an ever-growing 'brain trust' network of independent financial pros who are experts at doing one thing really well... and just as important, can prove their results.



Together we eat, breathe, and soak up unique and uncommon investment vehicles that can grow our investment capital regardless of what any particular market, sector, or economy is doing.

Yet, even though our detailed reviews provide a lot of starting due-diligence strength and practical reasoning into whatever person or program we've endorsed, we still demand our members go further by checking things out themselves.

Remember, investing, like any business, is about managing risk. Notice, we said "managing

it,” not eliminating it.

And, when you put money into a speculative play, like a non-discretionary Forex trading account, control and leverage both play a strong role.

First, you have no say in what, how, or when your money is traded (of course that, you hope, is a benefit to you as you outsource the growth of your money to another human or humans).

Secondly, leverage being a two-edged sword can greatly reduce your reward-risk ratio.

But therein lies the rub: Traders, and the managers who manage them, are just that, human!

Humans make mistakes, humans feel pressure, and humans are susceptible to stress, anxiety, poor judgment, and every other factor that may affect success.

Even top athletes sometimes miss a basket or a goal, strike out, or give up the game-winning play. It is a fact of life. And, as in life, every investor **NEEDS TO UNDERSTAND** that a circumstance may arise where goals / targets / expectations are not reached – or worse, that the unthinkable **MAY** happen.

Then again, as hockey great Wayne Gretzky once said, “you miss 100% of the shots you don’t take”. So, take a shot if you determine it to be right for you.

The key to wisdom with your money is to ensure you fully understand what kind of money buckets you have.

One bucket for savings/retirement (see our ‘[Manage Savings](#)’ series); one for more risk-sensitive investments (think: stocks, real estate, ETFs) and one for higher-reward (therefore, by proxy, higher-risk) speculative opportunities (i.e., Forex, Futures).

Then, the key is to learn how to divide up your available capital and employ what’s left in each bucket to viable vehicles.

But, regardless of how diligent you are in this quest, just know this:

Failure, bad choices, change, unforeseen circumstances, fraud, managers playing into greed, etc. — in other words, human nature — is part of investing, just like it is life.

We're here to lessen the inevitable shortcomings and pain you will experience as you go from making mistakes (school of hard knocks) to deepening your knowledge (and results) of how to grow money consistently.

If you're a [paid-up member](#), we've got your back by ensuring you have the latest news, updates, and changes to any IV or program archived inside the WV.

And, when it comes to bringing you new ones, you'll always be able to count on us to provide solid, rational, *hype-free*, upfront due diligence on why we've chosen to bring it to your attention in the first place.

You don't need to invest in everything we bring your way; just in things that are "right" for your financial situation and risk tolerance.

But, hey, even if you're not a paid-up member, we can still offer you value via our complimentary once-per-week newsletter, [Money Monday](#).

We look to present information as unbiased as possible on the many (and, we mean MANY) ways to grow your money. But, it is up to you to decide WHICH (if any) investment opportunities / vehicles are right for you.

After all, we'll never pretend that one-size fits all, and we'll never claim that you'd be an idiot not to invest in something we tell you about. That would be irresponsible and just plain... well, idiotic.

But, just as foolish would be to invest in something you don't feel good about, can't afford, or have too many unanswered questions about. It's one thing to stretch your comfort zone (that's the only way to get out of a rut); but, it's another to make a decision to over-extend yourself beyond your means.

So, where do you go from here?

Well, two ideas that seem right to us:

#1) Use the comments section of this post to ask us anything about the above article. You may also rant your heart away about investing experiences of the past / present gone wrong. Either way, we'll be here to respond to each and every one of your comments.

#2) Take some time to get to know us better. Start with some of the links above. Or just simply LIKE our [Facebook page](#) and keep an eye on us there. Or, better yet, join our [Money Monday newsletter list](#).



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