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## 'I gave 100% to finding the big winners'

Dan Zanger tracks the stock market as closely as any Wall Street pin-striper, but you won't hear lingo like "EBITDA," "price/earnings ratios" and "quarterly comps" from him.

When Zanger talks stocks, he talks "low-level channels," "bull-flag runs" and "cup-and-handles."

Huh?

They're "chart patterns," and they're the sheet music this Miami Beach market maestro uses to trade stocks as seamlessly as a conductor directs a philharmonic.

"I don't look at any of that stuff," Zanger says of typical investment banker criteria. "I look for a stock that's moving up, the one that makes the biggest gain of the day and then wait for it to give me a beautiful pattern."

It's worked for Zanger -- to the tune of \$22 million stashed in his bank account last year, making Zanger one of the country's top 100 traders in take-home pay, according to *Trader Monthly*. He trades only for himself and doesn't take clients.

"He's living the dream that for most people died in March 2000," says Rich Blake, senior editor of *Trader*. "He's the rare go-go era guy that survived."

Zanger, a 52-year-old bachelor, is still living that '90s daytrading dream large.

You'll find him most days glued to four computer screens in his oceanfront condo or hunched over two laptops in a stateroom on his impeccable luxury yacht docked in Bal Harbour. A nautical map of the Bahamas islands is spread out on a table, ready for an upcoming jaunt.

He surrounds himself with an art collection and California "cult wines" he buys at auction -- priced at oh, just \$300 to \$600 a bottle. (He's got about a half-million bucks' worth.)

Zanger's an unlikely looking high flier. He lives in shorts and untucked shirts, a day's worth of whiskers lines his sunburned face and a touse of thinning sandy-blond hair makes him look like he just rolled out of bed.

But he's got about \$40 million riding just a dozen stocks and nonchalantly estimates he's only a few years away from his goal of amassing a \$100 million fortune.

Zanger makes trading sound simple, but he emphasizes it's been anything but. It took him more than two decades to master the patterns stocks move in, plus plenty of gumption to keep investing despite numerous wipe-outs.

"I went to the school of hard knocks," he says. "I've had some colossal misses. But for me to make it, I had to get hammered many times. That's how I learned."

The native Angeleno, who moved to Miami Beach three years ago, became famous during the Internet stock bubble of the late '90s. Like thousands of others, in 1998 he jettisoned his day job -- he ran a business building opulent swimming pools in Beverly Hills for 23 years -- to trade full time.

But he was a tad more successful than most. Over 23 months, he parlayed his \$10,000 savings into \$42 million on savvy moves with Amazon, Yahoo, eBay, CMGI and Qualcomm, among others.

### LEARNING FROM TV

The difference between Zanger and many of his counterparts was that Zanger had been studying the stocks since the 1970s, when he would watch a TV show called *Charting the Market* with his mother, a market dabbler. The show laid out chart pattern formulas.

"I thought it was too simple," he recalls. "But I was fascinated with the ticker tape."

After being a ski bum for four years, working at everything from dog-catching to bell-hopping at Colorado ski resorts to get free lift tickets, Zanger returned to California in 1977 and got into pool-building.

In between fielding phone calls from prissy clients -- he mimic one such call, "One of your workers left a sandwich bag on my property. Can you come and pick it up?" -- he'd keep an eye on his portable market tracking device.

In 1985, he started studying the market zealously. "I gave 100 percent of my energy to finding the big winners, how to enter them properly and how to exit properly. I took seminars. I read and read and reread," he says.

Four years later, he started trading in earnest. His biggest lessons came from losing. He would scrutinize the stock's movement to see where he went awry. "It was really difficult, trying to see the trend lines," he says. "But it became not only an obsession but a passion."

By the time the dot-com boom got under way, Zanger was already well versed in stock patterns and had shaped his buying style -- go in big. "I have an all-in attitude," he says.

His heftiest return in a day: \$5.2 million. The Nasdaq had sunk to 3,200 -- Zanger went in and snapped up shares -- the market jumped 200 points the next day.

### AVOIDED BUBBLE

Luckily for him, Zanger was mostly out of dot-coms when the bubble burst in March 2000, opting for a portfolio 80 percent weighted by fiber optics. But those stocks cratered six months later.

He lost about \$13 million one day -- 32 percent of his portfolio -- on Nortel Networks, when shares plummeted \$20 on an announcement of lower-than-expected earnings.

Over the course of the bear market, he took more hits that cost him another 43 percent of his portfolio, leaving him with just over \$10 million -- although ego-bruising it was plenty to keep him going.

Last year, Zanger bounced back with a vengeance -- thanks mainly to Google.

"I was all over it. It fit my model for a potential for a big and long run," he says.

After the initial public offering, Zanger waited for the stock's pattern to develop. In three weeks he saw it was moving in a "low-level channel pattern" -- a rounded, U-shaped bottom.

Zanger was in at \$116 before the stock raced to \$212 in three weeks. "It blew me away," he says.

After earnings came out, the stock started moving in a "bull flag" -- up, then leveling out. "I was beside myself. I even called lending companies to lend me money on my properties -- I own everything in cash. I literally loaded up at \$220. I hadn't been so leveraged on a stock in 10 years."

He had 180,000 shares, half on margin. Within a week, Google was at \$300 and Zanger was a lot richer, although miffed. "I was so upset I didn't have more shares," he says.

Zanger doesn't hesitate to share his trading tips. He's got a website, [chartpattern.com](#), and a newsletter with 1,800 subscribers. Once a year he gives a seminar -- this May in New York -- about "reprogramming your brain" to play the market.

One of his cardinal rules: Never own a stock that's not moving up. The greatest stupid saying is, "It will come back." As soon as the stock stalls, just trade out of it. If it moves up again, buy back in. But people don't want to be proven wrong.

Zanger recalls once being on a conference call with three attorneys from the Securities and Exchange Commission asking why he had sold Lida, a Spandexapparel company, at \$13, the day before the stock dove to \$4.

"I sold because it wasn't going up," he says. "This is news to a lot of people."

Another biggie: Don't become emotionally attached to a stock because of the company's product or market potential. Says Zanger: "Stocks are vehicles to make money or lose money. Clarity is so key to the business."

Zanger's got more than enough loot to retire. But he's addicted to the thrill of beating the market at its own game. "My mother would've loved this," he says. "I really owe it all to her."

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