

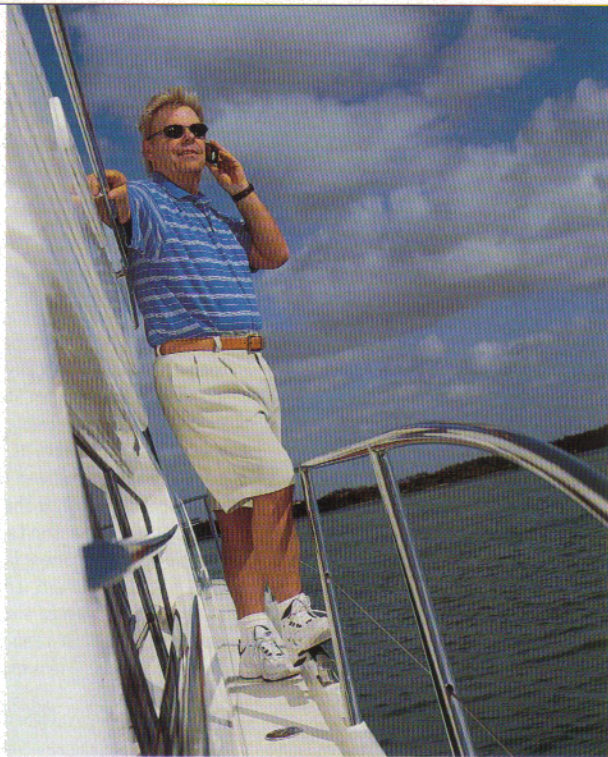
THE TRADER MONTHLY



WHO MADE WHAT IN 2004? WE'RE BACK WITH SOME ANSWERS

BY RICH BLAKE, IMOGEN ROSE-SMITH AND ROBERT LaFRANCO / ILLUSTRATIONS BY MICHAEL KLEIN

ARTIFICIAL INTELLIGENCE and complex algorithms assume center stage as never before in the history of the securities markets. The equity markets are forever changed by new rules and two giant exchange mergers. Hedge funds flourish, floor and pit traders vanish, regulators bark and bankers brawl. Through it all, traders do what they were born to do: make money. ■ Dollars are to traders what points are to basketball teams: a definitive statement of success. Thus, with the second annual *Trader Monthly* 100, we've once again tallied the world's most successful traders. To climb aboard even the bottom rung of our list, traders had to have taken home at least \$10 million in 2004. ■ The *Trader Monthly* 100 is an eclectic bunch. Predictably, the fattest hedge-fund traders got fatter (we focused on traders instead of non-trading figureheads), and while the sell side can do only so much to keep up, it's not as if Street traders are getting paid in Camel cash. Energy traders particularly sizzled: The NYMEX alone produced a slew of TM100 members, including our cover boy, Eric Bolling (see page 84). The year's over and the money's counted. Now it's time for the top 100 to take their bow.



DAN ZANGER

CITY: Miami

AGE: 52

FIRM: Chartpattern.com

ESTIMATED INCOME:

\$10-\$15 MILLION

WHAT HE TRADES:

No commodities, currency plays or black-box intelligence for this self-made prop legend.

Instead, he trades mostly Nasdaq stocks.

On the surface, Zanger is a purist, using chart patterns and more chart patterns to find his prey.

HOW HE TRADES: What is he looking for? “Frisky stocks that are starting to perk,” he says. He takes a high-intensity “180-mph, inches from the wall” margined 2-to-1 approach to trading. In early 1998, Internet stocks exploded, and as they cooled in late 1999, biotechs took off. They ran for six months; then fiber-optic stocks took over in 2000 and cooked until Nortel preannounced a shortfall in earnings.

Zanger has found that such groups run for around six to 18 months, and then it’s time to move on. “You have to know what’s hot and follow that stock or group. I find out who the winners are and stick with them, moving in and out until they begin to fizzle,” he says. On a typical trading day, you’ll find him glued to his computer screens, following anywhere from 40 to 60 stocks, watching his “frisky buddies” for breakouts or breakdowns.

HOW HE GOT STARTED: After finishing high school in 1971, Zanger was a ski bum for four years, then got addicted to *Charting the Market*, a little-watched television show on

channel 22 in Los Angeles, on which the host charted pennants, flags, cups and handles and other patterns. In 1989, Zanger took a course from Bill O’Neil and would spend three hours on weekdays and 15 hours on weekends looking for chart patterns in his chart books; he still applies O’Neil’s signature “Canslim” formula to this day.

In the early ’90s, he had correctly identified rallies but got killed on corrections. By 1996, he had learned to recognize market tops; he accurately spotted a bearish reversal in the oil index in 1997, which he calls the turning point in his trading career. Taking what was left of his trading capital — all of \$10,775 — he made \$18 million in 18 months. In under two years, this stake had grown to an incredible \$42 million.

WHEN HE’S NOT TRADING:

“Anyone who has worked in the construction business, like I did for 25 years, knows what it’s like to work long, hard hours for little income. When the market is open, I have to be there. It is my passion and one of the loves of my life.”

Zanger has homes in Miami Beach and Los Angeles, and he recently bought a new 88-foot yacht that will be equipped with a four-foot satellite dome that will allow him to trade from anywhere in the world. Zanger boasts an enormous collection of California cult wines and is also an avid collector of art.

WORDS TO LIVE BY: “Price, chart patterns and volume.”

MATT BLACKMAN