

INTRODUCTION

Being deceived without making use of lying is totally legal when erroneous assumptions become the product of he who is deceived. (Anthony Campos)

It shall not be the purpose of this book to change the system however crooked it may be, because to do so would completely defeat the true purpose of this work which is to familiarize investors throughout the world about the system. Therefore, the objective is to use this knowledge to make better your investments in the stock market knowing full well that anything that may be considered legally crooked is, in reality, permanently fused into the nature of mankind. For everyone that may accept what is presented here, there will be hundreds that will continue to blindly fuel the legally crooked system of Wall Street and all other world markets. This means that this book will not get outdated nor ever become unusable. While rules, regulations and laws may change, human nature does not.

The state of being legally crooked, an act of nature, has been in existence since the dawn of civilization. Yet, so many people do not even know what it means, nor do they even realize that it exists all around them. One cannot see the forest for the trees, and so it is that one cannot see the crookedness for the gray of the law. It becomes much like a hidden world that actually exists out of the focus of human vision comparable to the hidden picture within a picture.

When an action is considered legal, it means that the law either allows the action or that there is no law which bars the action. When an action is illegal, it means that a law does bar the action. According to the dictionary, the word crooked is defined as follows: bent; not straight; deformed; dishonest; devious; twisted; tricky; unscrupulous; dishonorable. The definition says nothing about it having to be illegal. Therefore, legally crooked is hereby defined as an action or behavior which may be deemed unethical, immoral or devious, but not addressed by law as being illegal, or if the law is not enforced on a sustained basis.

Thus, the act of being legally crooked represents the philosophy and the act of creating illusions which becomes the process of deception that is transmitted to the target subject. Therefore, it is the thesis of this work that a stock market and all of its associations represent the biggest and best coordinated illusion in the world. It can also be argued that the coordination that may be necessary to operate this legally crooked system may actually contribute to a state of efficiency in the markets by the exertion of control.

A system that is legally crooked lacks visibility. The reason why it lacks visibility is because there is a lack of education which produces a widespread lack of knowledge about the system. If the majority of people lack this knowledge, then it means that those who operate the legally crooked system will lend themselves to greed and abuse which

may then border on criminal offense. This has been the situation in the markets and in life throughout all time.

One must realize the limitations of the senses and that all which is physical can be made into a tool of deceit, whether it be through the news media or through a market action. Although it may be difficult to comprehend, the only true reality in the world of financial markets is that which is found in the minds of those in power and in the minds of those who comprehend the human motives of those in power. Furthermore, it must be kept in mind that those in power may represent either the private sector or the public sector.

The true force behind the essence of success can only come from within one's mind. Success can only be lasting if it comes from belief in oneself. Believing in yourself is a prerequisite to the understanding of human motives. Therefore, the study of success in the financial world should be centered on your faith-power and on your understanding of the motivational behavior of those with whom you deal. Of course, whenever your dealings involve money, it should be clearly understood that the one you deal with is in reality your opponent.

First, you must recognize your opponents, and then you must recognize their motives. Your opponents in the stock market are not other public investors. Instead, your opponents are the exchange insiders who legally have access to nonpublic information and can trade on such information. Thus, the ability to focus is crucial. Operating in the stock market is no different. It is for this reason that the literature in this book extracts those issues that are meaningful out of a conglomeration of static.

Because each of your five senses can be made to perceive something other than what is reality, you must learn to believe in the sixth sense which is your spiritual mind. Whether it is through intuition or visualization, a deceiving situation can only be countered through the free will of the mind. In order to see the illusion for what it is, you must first realize that there must be an illusion. You must develop faith and knowledge from within your own mind. It will be this faith and knowledge that will allow you to possess the courage to acquire contrary positions to the public consensus. It will be this faith and knowledge that will allow you to see the truth that is constantly being masked by the hidden powers of the market.

There are human forces in the market which always seem to be better informed than the public or institutional managers. These forces represent the smart money. The smart money is composed of people who exert their power and influence to attain secret and confidential information concerning economic and corporate decisions. The people involved can be acting in either a legal or illegal capacity depending on their position. Whether the force is from inside or outside the stock exchange establishment makes no difference on the basic method of detection. The key to detecting the direction of the smart money is to place yourself mentally in the position of the smart money, and then consider what you would do to make money by manipulating the majority of all other players outside of your partnership.

The basic concepts of this book can be accepted and used by anyone, whatever his or her beliefs may be. These basic principles can be applied even if the speculator chooses to believe that stocks are not manipulated. Certainly anyone of normal intelligence should accept the concept that stocks go through cyclical periods of accumulation and distribution. Even members of the exchange establishment openly recognize that fact.

Even though the exchange and brokerage establishments clearly believe in the concept of accumulation and distribution as being an acceptable facet of technical analysis, they do not very often mention such analysis in their reports to the public unless it is for purpose of deception.

If there is any argument, it should center on who is doing the accumulation and distribution rather than whether or not these two occurrences really exist. Although methods of detection can vary, volume analysis is standard procedure. Deviation in trading activity is of the utmost importance, whether it be in the shares, in the related stock options, or related to a brokerage house press release.

There is relativity between price and volume, and there is also a relativity between the right players and the wrong players. Actually, there is an unseen relativity between many different things in the stock market. This relativity is so well-knit throughout the market that people become apathetic to it all and succumb to the status quo. In general, people are so involved with emotion that they fail to consider how one element may be related to another element. They fail to recognize the motive of the big block seller when prices are high, and they fail to identify the big block buyer when people are forced to sell at low prices. People even fail to notice that volume tends to increase at reversal points.

It is amazing that not much discussion or investigation is ever given to the people who buy or sell at reversal points. While a traditionalist may contend that it is not relevant, a wise person should realize that the short-seller of big blocks at a top or the buyer of big blocks at a bottom must truly be an unusual being to go against the trend.

It is not necessarily a master conspiracy against the public. It most likely is not an organized conspiracy initiated for the sole purpose of fooling the public. Nevertheless, it is a form of natural conspiracy that is built into the stock market system. In other words, the system itself is so designed that it does represent a conspiracy, because it gives advantages to those who operate the system. There are no checks and balances. There is no public representation. Even the Securities and Exchange Commission seems to police the public more than the operators of the exchanges. Furthermore, the system represents a conspiracy mostly because the public has never been taught how the market is operated in regards to the opportunities and incentives of working the operation. It becomes an inherent quality of the market that control fosters efficiency, and thus it is acceptable.

The concentration of power does vary in the stock market. During a bull market, it tends to expand beyond the operators of the exchange. However, during a bear market, it contracts to those who are closely linked to the exchange establishment. The reason for

this is obvious. There is more incentive during a bull market for outsiders to deal for leveraged takeovers which may tend to exclude exchange members. There are simply more outsiders getting involved with specific issues.

The insider-trading scandals of the 1980s bull market have become fact. These occurrences prove beyond doubt that smart money and manipulation work together. The methods used by these people are in tune with the concepts presented here. The incidents were handled in such a way that investor confidence was not eroded. The SEC and the NYSE succeeded in persuading investors that the system stood for the public good because of the “get tough” speeches presented in the news media. Of course, it was all just propaganda which focused the blame on people other than exchange members.

There has been no difference in market patterns since those trials. People are still being fooled into buying at tops and selling at bottoms. It makes no difference whether the insider-trading is legal or illegal. Why should legal insider-trading produce any different results? The motive is always the same, which is to get stock cheap and sell it at a higher price.

Early into the new century, we had the federal charges against the NYSE specialists which came about only because the abuse became so apparent it could not be hidden by any illusion. However, once again, it became merely a show by the government resulting in monetary fines. Agreements were made so that the major forms of illegalities would be buried for fear that it would show a totally corrupt market system.

Immorality and unethical behavior does evolve into more serious stages over a certain period of time. The specialists of the NYSE operated for decades without challenge. This means that for decades the crookedness evolved to the point that the process crossed the line into something illegal by law. However, by definition, crookedness does not have to be illegal by law, and so we can wonder about how much crookedness remains in process that is not addressed by law.

Legal insider-trading by exchange operators in collusion with corporate insiders is the most damaging to the public, because it makes use of all the elements in the system. In other words, it is more efficient and widespread, and therefore, it involves much more money. Indeed, a system that lacks ethics and morality can actually become very efficient.

Market cycles work well for the exchanges, because a bear market tends to concentrate the power back to those who operate the market. This is true because outsiders either go bankrupt or find less incentive in the market. Whatever the case, a good bear market does serve the purpose of bringing power back to those who operate the exchange system. An erosion of wealth occurs amongst the public. Gone with the wealth is the power. In other words, the exchange insiders that are short the market will drain capital from the public investors.

People who oppose this philosophy will always respond by saying that it is paranoia to believe that manipulation exists in the market. However, they always fail to

offer evidence to refute this viewpoint of the stock market system despite all of the evidence. Meanwhile, these same people will agree that insider knowledge is shared by market makers and other brokerage authorities. Is it therefore not true that manipulation stems from insider knowledge?

Whenever possible, credible sources are entered as references so that the reader knows this is a work of research. This work proceeds from the presentation of evidence to logical conclusions. The evidence is sporadically widespread, but it is hidden within the forest of informational leaves. The purpose of this book is to spotlight those leaves within the forest that make light of what is really important. In the end, the reader determines the verdict on whether or not the control establishment is legally crooked.

Tribute to Richard Ney: by the author, Anthony Campos

I began to follow Richard Ney in 1982 when I founded The Wall Street Inquirer. I received Ney's newsletters and phone messages over the years. Whenever I wrote to him, he responded. I learned the basic system from him, and then I began to do my own research. In 1990, I self-published "Wall Street Illusionology" based on my beliefs which were in accord with Richard Ney. Therefore, "Legally Crooked" represents an easy to read and understandable composite of stock specialist analysis carried forward into other financial entities that have taken over the power structure of the specialist system. The basics remain the same; only the sophistication has changed to a much higher level.

When Richard Ney passed away on July 18, 2004, I was glad to know that he got to see the start of the fall of the specialist empire. What he had preached, and what the media had denied, finally came to light. However, it is my opinion that Richard Ney has not been fully recognized for his work and has not received retribution for the arrows shot at him by the establishment and the financial media. While he may not have written his fourth book before his death, I decided to continue the philosophy of his basic principles and to reflect all that has occurred since. I write "Legally Crooked" without fear and with the full confidence that I bring forth my own ideas backed up with research that will tend to reinforce Richard Ney's basic philosophy by covering issues other than the stock specialist system. While Ney tended to rightfully concentrate on the specialist system, I will concentrate on the crooked system of the brokerage establishment that takes the place of the fallen specialist empire.

Anthony Campos