

## **\$460,164 Profit in My First Two Years of Trading**

When I first started trading I had a big mortgage, a young daughter and a son on the way. I could only scrape together a \$4,600 trading account. One of the advantages of option trading is that you can turn a small amount of money into a large amount of money.

Even though I only started with a \$4,600 trading account, I made \$460,164 my first two years of trading. Copies of my tax returns showing this \$460,164 profit those first two years follow.

Dept. of the Treasury  
Internal Revenue Service

**Attach to Form 1040. See instructions for Sch. D (Form 1040).**

12

## Charles and Catherine Hughes

000000

## 1a

33,204

Schedule D (Form 1040) 1985

**SCHEDULE D  
(Form 1040)**Dept. of the Treasury  
Internal Revenue Service**Capital Gains and Losses  
and Reconciliation of Forms 1099-B**Attach to Form 1040. See instructions for Sch. D (Form 1040).  
For Paperwork Reduction Act Notice, see Form 1040 instructions

OMB No. 1545-0074

**1986****12**

Name(s) as shown on Form 1040

Charles and Catherine Hughes

Your social security number

- 1**
- Report here total sales of stocks, bonds, etc., reported for 1986 by your broker to you on Form(s) 1099-B or an equivalent substitute statement(s)

**1** 9,245

If this amount differs from the total of lines 2b and 9b, column (d), attach a statement explaining the difference. See the instructions for line 1, Schedule D (Form 1040) for examples.

**Part I Short-term Capital Gains and Losses — Assets Held Six Months or Less**

(a) Description of Property (Example, 100 shares 7% preferred of "Z" Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) LOSS If (e) is more than (d) subtract (d) from (e)	(g) GAIN If (d) is more than (e) subtract (e) from (d)
<b>2a Form 1099-B Transactions (Sales of Stocks, Bonds, etc.):</b>						
From Form 6781 Option Trading						156,454
<b>2b Total</b> (add column (d)) . . . . . →						
<b>2c Other Transactions:</b>						
<b>3</b> Short-term gain from sale or exchange of a principal residence from Form 2119, lines 6 or 12 <b>3</b>						
<b>4</b> Short-term gain from installment sales from Form 6252, lines 22 or 30 <b>4</b>						
<b>5</b> Net short-term gain or (loss) from partnerships, S corporations, and fiduciaries <b>5</b>						
<b>6</b> Short-term capital loss carryover from years beginning after 1969 <b>6</b>						
<b>7</b> Add all of the transactions on lines 2a and 2c and lines 3 through 6 in columns (f) and (g) <b>7</b>						
<b>8</b> Net short-term gain or (loss), combine columns (f) and (g) of line 7						<b>8</b> 156,454

**Part II Long-term Capital Gains and Losses — Assets Held More Than Six Months**

<b>9a Form 1099-B Transactions (Sales of Stocks, Bonds, etc.):</b>						
From Form 6781 Option Trading						234,680
50 Nuveen Fund	11/03/81	09/25/86	6,331	5,101		1,230
Lindner Fund	12/05/84	05/12/86	2,914	2,327		587
<b>9b Total</b> (add column (d)) . . . . . →						
<b>9c Other Transactions:</b>						
<b>10</b> Long-term gain from sale or exchange of principal residence from Form 2119, lines 6, 8 or 12 <b>10</b>						
<b>11</b> Long-term gain from installment sales from Form 6252, lines 22 or 30 <b>11</b>						
<b>12</b> Net long-term gain or (loss) from partnerships, S corporations, and fiduciaries <b>12</b>						
<b>13</b> Capital gain distributions <b>13</b>						
<b>14</b> Enter gain from Form 4797, lines 6 or 8b <b>14</b>						
<b>15</b> Combine lines 14 through 16 <b>15</b>						
<b>16</b> Long-term capital loss carryover from years beginning after 1969 <b>16</b>						
<b>17</b> Net short-term gain or (loss), combine lines 6 and 7						<b>17</b> 236,497