

# The Penny Stock Tool Chest - eBook

## Penny Stock Brokers

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### OUR NEW CHAMPION:

**LOWTRADES**

[Lowtrades.com](http://Lowtrades.com)

Lowtrades has no minimum to open an account, charges only \$5 per trade, and allows for transactions in all types of penny stocks. Their customer service leaves a little to be desired, and don't count on getting a lot of help over the web or on the phone.

**For penny stock traders, Lowtrades.com beat all the other brokers hands down.**

### THE BEST OF THE REST:

**TRADING DIRECT**

[Trading Direct](http://Trading Direct)

Trading Direct is a great, small, privately owned brokerage firm that caters to those who are o.k. with a minimalist approach (short on research and news). What Trading Direct does offer is competitive prices. There is no minimum balance required for cash accounts, but there is a \$2000 minimum to initiate margin trading. The annual maintenance fee is \$60, but this is waived if you conduct one trade per year. If you register over the internet you can be up and trading in 24 hours.

Their on-line commission fee is \$9.95 for any number of shares; broker assisted commissions are \$29.95. Trading Direct allows for trades in penny stocks, including OTC-BB, and Pink Sheets. Trading Direct reserves the right to reject market orders for stocks under \$1.00. They actually prefer your penny stock trades be limit orders.

Trading Directs Customer Service is available from 8:30am - 5:00pm EST and they are fairly knowledgeable and friendly.



### [Scottrade](#)

Scottrade slipped from our top spot only because of improvements in Datek and Lowtrades. We like Scottrade and recommend them highly. There is a \$500 minimum to open an account, and 75% of trades must be done online, but for most of you this will not be a problem. Commissions for stock under \$1 are \$12 and 1/2% of the total, which is very good compared to most. Add in Scottrade's reliability, ease of use, and customer service and you will quickly see that you are in good hands.



### [Ameritrade](#)

If you can get past the \$2,000 minimum to open an account, Ameritrade could be the best broker on the board. It is also the most international-friendly, because you can open an account from just about any country on the globe. We dislike many of their 'fine-print policies' however, like a \$60/year charge if your account falls below \$2,000, and a few other hidden fees. Limit orders for penny stocks are \$13, and market orders are \$8.



### [E-Trade](#)

E-trade would not even have made our top 5 if [Fidelity](#) (just off the list in the number 6 position) didn't have outrageous commission fees. E-Trade still has not replied to our last e-mail asking for updated commission schedules, and they boast only mediocre accountability and customer satisfaction. Their commission fees are competitive, but not low enough to make us overlook all their other shortcomings. However, they do have an easy to use trading interface, and allow for trades in most penny stocks.

## **OTHER BROKER RANKINGS AND OPINIONS:**

We are often asked for our opinions on good discount and on-line brokers. However, what may be a good broker for one investor's needs may not necessarily be the best for another. The broker best suited to you depends on your preferences in terms of commission fees, service and support, reliability, speed of service, trading restrictions and other factors.

In other words, you need to come to your own decision based on your personal criteria. A powerful tool to help you find a new broker, or perhaps rate your current provider, is called [US Online Brokers Ranked](#). It is a web site rating just about every brokerage house out there.

This web site is excellent on all accounts. All the information is free, and it provides several different discount broker guides.

Detailed reports on each brokerage house are provided, including in depth information on commission fees, services, and comments from happy and unhappy clients. Ratings are provided for overall service, and brokers are ranked based on criteria such as limit order commissions, and market order

commissions.

If you are in the market for a broker, and are considering changing, you must consider visiting the US Online Brokers Ranked web site. It could save you a great deal of time and hassle, and most likely a good deal of money on commissions as well.

## Penny Stock Brokers

1. [LowTrades.com](http://LowTrades.com) (1-800-597-8767):

**Limit and market orders (including penny stock):** \$4 per trade, any number of shares.

**Broker-assisted (including penny stock):** \$25 per trade for any number of shares.

**Account minimum :** No minimum for cash accounts. For foreign accounts, \$10,000 minimum for debit card and check writing.

**Comments:** Firm says "all trades \$4.(12/3/01)" For a while, Lowtrades had been charging \$4 + .01/share for penny stock.

**IRA annual fee:** \$45; with \$25,000+ accounts, \$25 (individual), \$30 (Roth). \$25 setup (\$35 for Roth); \$60 closing (\$75 for Roth).

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2. [BrokerageAmerica](http://BrokerageAmerica.com) (1-866-BATRADE):

**Note:** See our home page for comments about the "zero commission for market orders" brokers in general.

**Limit orders (online, touch-tone, 100 or more shares of any stock):** \$5 per trade.

**Market orders (online, touch-tone):** \$0 (zero) per trade.

**Touch-tone access:** \$.25 per minute.

**Broker-assisted:** \$14.95 per trade extra; \$19.95 (limit) and \$14.95 (market).

**Account minimum:** \$1000. For margin: \$2000.

**IRA annual fee:** \$40. No setup fee; closing \$85; Roth IRA closing \$100.

**Comments:** So far as we can tell, BrokerageAmerica does not discriminate against penny stock.

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3. [AF Trader](http://AFTrader.com) (1-888-OTC-NYSE):

**Limit and market orders (including penny stock) (online) (direct access):** \$9.95 per trade for any number of shares.

**Touch-tone orders:** \$19.95 per trade for any number of shares.

**Broker-assisted:** \$30 per trade for any number of shares.

**Account minimum:** \$1000.

**IRA annual fee:** free; free setup; \$50 closing.

**Comments:** Customer comments are very good lately; check our main report for the latest

comments. Free realtime quotes. Options, mutual funds, bonds available. No stop limit orders on Nasdaq.

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4. [Trading Direct](#)(1-800-925-8566):

**Limit & market orders (online) (including penny stock):** \$9.95 for any number of shares.

**Touch-tone:** \$19.95 for any number of shares.

**Broker-assisted:** \$29.95 for any number of shares.

**Account minimum:** no minimum.

**IRA annual fee:** free; free setup; closing fee \$50.

**Comments:** Trading Direct used to prohibit penny stock purchases, but apparently they are alright now.

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5. [EmpireNow](#) [Empire Financial] (1-800-900-8101):

**Limit & short orders:** \$10 for any number of shares.

**Market orders:** \$5 per trade.

**Broker-assisted (limit and short orders):** \$24 for any number of shares.

**Broker-assisted (market):** \$19 per trade.

**Canadian stocks:** .03/share (\$40 minimum); Ordinary shares: \$125 minimum.

**Account minimum:** no minimum.

**IRA annual fee:** \$50; setup \$25; closing \$75.

**Comments:** Empire does not appear to discriminate against penny stock.

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6. [Financial Cafe](#) (1-877-600-6410):

**Limit and market orders:** \$11.95 for any trade.

**Broker-assisted:** Add \$13.75 to any trade; \$25.70 for limit orders; \$16.74 for market orders.

**Account minimum:** no minimum; lower commissions with \$20,000+ accounts.

**IRA annual fee:** \$40; closing: \$60; Roth termination: \$75.

**Comments:** Clients tell us that penny stocks are \$11.95 per trade: "A few days ago [my stock] dipped below \$3 so I decided to add to my position. The commission was \$11.95. Any stock trading under \$3.00 incurs this wrath (compared to the \$2.99 I had been paying).(9/26/01)"

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7. [Ameritrade](#)(1-800-669-3900) (1-800-454-9272):

**Penny stock (online & broker-assisted) (including BB) (limit orders):** \$13 for any number of shares. No online market orders for penny stock

**Penny stock (broker-assisted) (including BB) (market orders):** \$8 for any number of shares.

**Canadian stock (limit orders):** \$23 +.02 per share, \$53 minimum, \$173 maximum. Must be ordered thru broker.

**Canadian stock (market orders):** \$18 + .02 per share, \$48 minimum, \$173 maximum. Must be ordered thru broker.

**Account minimum:** \$2000.

**Comment:** Customer feedback has been getting better. We blame most of Ameritrade's problems in the past on excessive advertising, which has resulted in too many new customers over too short a time period. Margin rates are high.

**Penny stock comments:** "Ameritrade is terrible in their execution time [for penny stock]. . .an average of 10 minutes [for both limit and market orders]. . .They say a 10-15 minutes execution

time is acceptable.(1/23/00)" **Warning:** Read the entire review of Ameritrade ( in the main "Discount Brokers Ranked" report) closely before you apply for an account here.

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8. **[Daat Trading](#)** (1-800-991-5408):

**Limit orders (online):** \$14.95 per trade.

**Market orders (online):** \$9.95 per trade.

**Broker-assisted (online accounts):** Same rates as above.

**Full service commission (including portfolio setup and recommendations):** \$50 per trade, but this fee is "negotiable," with lower rates for active traders and/or large accounts. Amount per trade must be \$500 or higher (\$100 or higher for custodial/retirement accounts).

**Account minimum (online):** \$250.

**Account minimum (full service):** \$500.

**IRA annual fee:** \$45; \$25 setup.

**Comments:** Daat does not appear to discriminate against penny stock.

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9. **[Net Investor](#)** [Howe-Barnes Investments] (1-800-638-4250):

**Limit orders (online):** \$14.95 per trade.

**Market orders (online):** \$8.95 per trade.

**Broker-assisted:** \$29.95 (limit), \$19.95 (market) per trade.

**Account minimum:** No minimum.

**IRA Annual fee:** \$35.

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10. **[Dreyfus Brokerage Services](#)** (1-800-421-8395):

**Limit & market orders (online, touch-tone, wireless):** \$15 per trade.

**Broker-assisted:** \$25 for up to 5000 shares, then .01 per share for all over. The \$4 fee has been discontinued.

**Account minimum:** No minimum.

**IRA Annual fee:** free; setup free; closing \$35; \$60 closing for First Trust IRAs. Options trades OK, but not spreads.

**Comments:** A few penny stocks must be ordered thru a live broker at broker-assisted rates. If any symbol is not listed for online trading, you can phone in a request to have it listed. "You can trade pink sheet stocks online,(6/8/00)" says one.

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11. **[Investex](#)** (1-800-822-2050): **for OTC stocks only:**

**Note:** Investex's penny stock rate is acceptable for OTC stocks only.

**Penny stock (limit orders) (OTC):** \$17.95 for any number shares.

**Penny stock (market orders) (OTC):** \$13.95 for any number shares.

**Account minimum:** no minimum.

**Comments:** Investex gets pretty good feedback on its customer service. Same rates for non-penny stock. Options commissions are fairly good. Margin rates are high.

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12. **[TruTrade](#)** (1-800-671-8505):

**Note:** For penny stock, this broker is acceptable only for the Nasdaq and OTC.

**Penny stock (online limit orders, OTC only):** \$17.95 (\$12.95 + \$5 fee) for any number of shares.

**Penny stock (online market orders, OTC only):** \$12.95 for any number of shares.

**Penny stock** (market orders): \$0 (zero) per trade.

**Account minimum:** \$5000.

**IRA annual fee:** free, setup free; \$50 closing.

**Comments:** Options, mutual funds and bonds available. Free checking. Dividend re-investment. Foreign accounts OK, but see main report on state restrictions. TruTrade is not licensed in many states. Also, to trade thru TruTrade, you must have an account with either of two firms: ReCom or Levitt & Levitt.

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13. [Noble Trading.com](http://NobleTrading.com) (1-877-TRADE-11):

**Note:** Noble is a direct access (daytrading) broker, but its penny stock commissions are low for persons who wish to use direct access for penny stock trading.

**Penny stock (limit and market orders) (direct access):** \$19.95 + ECN and exchange fees for any number of shares.

**Penny stock (limit & market orders) (broker-assisted):** \$24.95 for any number of shares.

**Options (web trading):** \$15 + \$2.50 per contract.

**Mutual funds:** \$30 per trade.

**Comments:** Noble is the daytrading division of White Pacific Securities [Thomas F. White], an old San Francisco brokerage firm.

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14. [InvesTrade](http://InvesTrade) (1-800-498-7120):

**Penny Stocks (less than \$2):** \$29 for any number of shares; \$29 for 20000 shares @.50.

**Bulletin Board & Pink Sheet stocks (\$2 and up):** Most can be traded online at \$11.95 (limit orders) and \$7.95 (market orders); Where market makers are hard to find, these stocks must be ordered via broker: \$22.95 (market) and \$26.95 (limit) for any trade.

**Canadian, foreign stock:** not available.

**Account minimum:** \$2000.

**Comments:** InvesTrade gets mixed reviews from customers, but comments are generally good to very good. Very low commissions for non-penny stocks and for options. Margin rates are average to high. The firm seems good for mutual funds and for IRA accounts.

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15. [NetVest](http://NetVest) (1-800-961-1500):

**Penny stock (limit orders):** \$29 for any number of shares.

**Penny stock (market orders):** \$24 for any number of shares.

**Penny stock (touch-tone):** \$5 extra; \$34 for limit orders; \$29 for market orders.

**Penny stock (broker-assisted):** \$10 extra; \$39 for limit orders; \$34 for market orders.

**Canadian, foreign stock:** Available at broker-assisted rates.

**Account minimum:** \$2000.

**IRA annual fee:** \$20; free with \$10,000 account and/or 2 trades/year; no setup fee; closing \$12.50. Options not allowed. **Comments:** Lot of research, news, quotes & charts with this broker. Feedback is good. Margin rates are average.

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16. [WSEi.com](http://WSEi.com) (1-800-447-8625):

**Penny stock (limit orders) (OTC-BB and non-listed) (online):** \$20 for up to 10,000 shares, then \$25 for up to 100,000 shares, then \$35 for any number of shares.

**Penny stock (market orders) (OTC-BB and non-listed):** \$15 for up to 10,000 shares, then

\$20 for up to 100,000 shares, then \$25 for any number of shares.

**Account minimum:** \$2000.

**Restrictions:** No margin accounts, no IRA accounts, no stop orders, and no short orders accepted.

**Comments:** Feedback on this broker is mixed.

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17. [MyTrack](#) (1-800-MYTRACK):

**Note:** MyTrack is primarily a daytrading broker, but you might consider it if you trade penny stocks actively. The limits for shares and/or amount are high. Also, make note of the fact that the commissions below are subject to exchange and ECN fees. We rank MyTrack at the end of this report only because of its share-dollar limits - although those limits are very high - \$500,000 for penny stock.

**Penny stock** (listed) (\$.10+/share): \$15.95 (limit) and \$12.95 (market) for up to, and for each, 20,000 shares and/or up to, and for each \$500,000 trade.

**Penny stock** (Nasdaq and OTC-BB) (\$.10+/share): \$12.95 for up to, and for each, 100,000 shares and/or up to, and for each \$200,000 trade.

**Penny stock:** (less than \$.10/share): Same rates as above for up to 100,000 shares and/or a \$500,000 limit.

**Account minimum:** \$500 for online.

**Comments:** Persons considering this broker should look at our review of MyTrack in the report on direct access brokers. This firm offers daytrading software, free checking, and a number of other perks. Feedback on MyTrack has been very good to excellent. We hesitate, nonetheless, to list them in this report, because their rates are NOT flat. Still, if you ordered two million dollars worth of a \$.50 stock here, your commission would be only \$31.90 maximum.

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18. [Darbie \[J.H. Darbie\]](#) (1-800-606-8844):

**Penny stock and foreign stock:** \$42.50 for any number of shares in any penny stock, BB, or foreign stock. Pink sheet stocks thru broker-assistance (and approval) only.

**IRA annual fee:** \$35. No setup fee; closing: \$50.

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## Various Online Discount Brokers

- [RJT.com](#) [R.J. Thompson Securities] (1-800-273-3212):

**Penny stock (limit and market orders) (online):** \$5 per trade for any number of shares.

**Penny stock (limit & market orders) (touch-tone):** \$10 per trade for any number of shares.

**Penny stock (broker-assisted):** \$15 per trade for any number of shares.

**Bulletin Board, Canadian, foreign stock:** not known for sure. Website does not exclude OTC-BB stocks.

**Account minimum:** \$2000.

**IRA annual fee:** \$35. Opening and closing fees not known.

**Comments:** This firm is now our lowest-cost penny stock broker. Feedback has been pretty good so far. We don't know for sure whether they offer Canadian or foreign stock. Margin rates are very high. First 5 trades free, says one client. Realtime quotes available @\$25/month.

- **Success Trade Securities** (1-800-597-8767):

**Important note:** For penny stock, we recommend the non-daytrading wing of Success Trade only. With Level II software, you will pay not only ECN and exchange fees, but .02/share extra for all listed stock. This is unacceptable for penny stock. **Penny stock (limit & market orders) (online):** \$9.95 for any trade.

**Penny stock (broker-assisted):** \$25 for any trade.

**Account minimum:** no minimum for non-daytrading accounts.

**Comments:** Again, do not use this firm's daytrading equipment to trade penny stocks, unless you limit yourself to OTC stocks only. No feedback as yet on Success Trade. We also list this firm in our "deep discount brokers" and "best for daytrading" reports.

- **Web Street Securities** (1-800-WEB-TRADE):

**Penny stock (limit & market orders) (online):** \$14.95 for any trade.

**Low-cost stock (Nasdaq) (1000+ shares, \$2+):** free.

**Penny stock (broker-assisted):** \$24.95 for any trade.

**Bulletin Board stock:** \$14.95 per order; \$14.95 for 20000 shares @.50.

**Account minimum:** no minimum.

**Comments:** Web Street is very good for penny stock, although some customers have complained about excess commissions for stock trades - including penny stock. On 6/11/98, one customer claimed that Web Street was still charging an extra 1 cent per share for penny stock: "Not only that, but I place an Internet trade and was charged the phone rate (\$24.95)." Feedback on Web Street has been very good to excellent, but there have been numerous complaints about glitches in their web system (especially on the Mac), problems with bulletin board orders, system crashes, problems with its Level II quote system (which costs \$50 per month) such as inaccurate and static quotes, execution of cancelled orders, mishandling of trades, slow executions, and sloppy record-keeping. At the same time, many customers complimented Web Street as late as August 1998 for its "excellent," "courteous," and/or "professional" service. Same commission as above for non-penny stock. Commissions for options and mutual funds are reasonable, but margin rates are high. Read the entire review in "Discount Brokers Ranked" report on Web Street before you open an account.

- **Freedom Investments** (1-800-381-1481):

**Penny stock (with valid NYSE, ASE, or Nasdaq symbol) (limit/stop & market orders) (online):** \$15 for any number of shares.

**Penny stock (limit & market orders) (touch-tone):** \$25 for any number of shares.

**Canadian and foreign stock (with valid listed or Nasdaq symbol):** same rates as above: \$15-\$25 for 20000 shares @.50.

**Account minimum:** \$2000.

**Comments:** If you've got a valid U.S. symbol for the stock, Freedom will sell you any number of shares for \$15. We have very little feedback on Freedom, but what little we do have suggests that it is very good. Same low commission for non-penny stock. Commissions for options are fairly high. Margin rates are very high.

- **[Investex](#)** (1-800-822-2050): **for OTC stocks only:**  
**Note:** Investex's penny stock rate is acceptable for OTC stocks only.  
**Penny stock (limit orders) (OTC):** \$17.95 for any number shares.  
**Penny stock (market orders) (OTC):** \$13.95 for any number shares.  
**Account minimum:** no minimum.  
**Comments:** Investex gets pretty good feedback on its customer service. Same rates for non-penny stock. Options commissions are fairly good. Margin rates are high.
- **[Newport Discount](#)** (1-800-999-FAST):  
**Penny stock (limit & market orders) (online):** \$19 for any number of shares.  
**Penny stock (touch-tone):** \$29 for any number of shares.  
**Account minimum:** no minimum.  
**Comments:** We have almost no feedback on Newport. Commissions for options are fairly high. Same low commissions for non-penny stocks. Margin rates are high.
- **[NDB - National Discount Brokers](#)** (1-800-888-3999): **for OTC stocks only:**  
**Note:** NDB's penny stock rate is acceptable for OTC - including OTC-BB - stocks only.  
**Penny stock (limit orders) (online only) (OTC only):** \$19.75 for any number shares.  
**Penny stock (market orders) (online only) (OTC only):** \$14.75 for any number shares.  
**Canadian stock:** \$30 plus .02 per share. Unacceptably high.  
**Account minimum:** \$2000.  
**Comments:** NDB is good for penny stocks only if you confine yourself to Nasdaq and Bulletin Board issues. NDB's rates for listed stock, and for Canadian penny stock, are not acceptable. Otherwise, orders can be placed in decimals, a real advantage. Commissions on options are relatively high. Margin rates are high. Real time quotes are free, as are financial news and charts. NDB is a very good broker overall, with a reputation for good (although not excellent) service.
- **[E\\*Trade](#)** (1-800-STOCKS5): **for OTC stocks only:**  
**Note:** E\*Trade is acceptable for OTC - including OTC-BB - stocks only.  
**Penny stock (limit and market orders) (online, touch-tone) (OTC):** \$19.95 for any number of shares.  
**Penny stock (limit & market orders) (broker-assisted):** \$34.95 for any number of shares.  
**Canadian stock:** available at above rates. "You just have to go into symbol lookup and get the correct symbol to use. Every Canadian issue has a symbol that you may use to place an order. (4/27)"  
**Account minimum:** \$1000.  
**Comments:** E\*Trade used to get a lot of criticism from its online customers, then it became very good; but lately the feedback is rather poor. There is a lot of criticism of E\*Trade's new web pages. As with NDB, E\*Trade is good for penny stocks only if you confine your trading to Nasdaq and Bulletin Board issues. Commissions on options are fairly low. Margin rates are high. Gomez gives E\*Trade its #1 rating now, commending its research and the overall breadth of its services. Read our main "Discount Brokers Ranked" report for one E\*Trade client's opinion on Gomez.
- **[Ameritrade](#)** (1-800-669-3900) (1-800-454-9272):  
**Note:** Ameritrade used to be one of the best penny stock brokers, but no more. All penny stock (less than \$5 stock) must be ordered thru a live broker now.  
**Penny stock (broker-assisted) (including BB) (limit orders):** \$23 for any number of shares.

**Penny stock (broker-assisted) (including BB) (market orders):** \$18 for any number of shares.

**Bulletin Board stock:** must be ordered through live representative at broker-assisted rates; \$18-\$23 for 20000 shares @.50.

**Canadian stock (limit orders):** \$23 +.02 per share, \$53 minimum, \$173 maximum. Must be ordered thru broker.

**Canadian stock (market orders):** \$18 + .02 per share, \$48 minimum, \$173 maximum. Must be ordered thru broker.

**Account minimum:** \$2000.

**Comment:** Customer feedback has been poor lately, though in early 2000 it seems to be getting better. We blame most of Ameritrade's problems on excessive advertising, which has resulted in too many new customers over too short a time period. Margin rates are high.

**Penny stock comments:** "Ameritrade is terrible in their execution time [for penny stock]. . .an average of 10 minutes [for both limit and market orders]. . .They say a 10-15 minutes execution time is acceptable.(1/23/00)" **Warning:** Read the entire review of Ameritrade ( in the main "Discount Brokers Ranked" report) closely before you apply for an account here.

- **InvesTrade** (1-800-498-7120):

**Penny Stocks (less than \$2):** \$29 for any number of shares; \$29 for 20000 shares @.50.

**Bulletin Board & Pink Sheet stocks (\$2 and up):** Most can be traded online at \$11.95 (limit orders) and \$7.95 (market orders); otherwise \$27.95 for any trade.

**Canadian, foreign stock:** not available.

**Account minimum:** \$2000.

**Comments:** InvesTrade gets mixed reviews from customers, but comments are generally good to very good. Very low commissions for non-penny stocks and for options. Margin rates are average to high. The firm seems good for mutual funds and for IRA accounts.

- **NetVest** [formerly Tradestar] (1-800-961-1500):

**Penny stock (limit orders) (online, broker-assisted):** \$29 for any number of shares.

**Penny stock (market orders) (online, broker-assisted):** \$24 for any number of shares.

**Canadian, foreign stock:** same as above rates, which are the same as NetVest's broker-assisted rate; \$29-\$24 for 20000 shares @.50.

**Account minimum:** \$2000.

**Comments:** NetVest has good rates for penny stocks. We get very little feedback, but what little we have is good. Commissions for options are about average. Margin rates are very high.

- **Atlantic Financial** (1-800-559-2900):

**Penny stock:** (limit & market orders) (non-online): \$55 flat for any number of shares.

**Account minimum:** \$25,000.

**Comments:** This is another firm that is pretty good for penny stocks. Atlantic Financial advertises itself as a full-service discount, and its rates on non-penny stock are among the highest. Commissions on options are also high. The firm offers a wide variety of mutual funds. We have very little feedback on Atlantic, but the little we do have is excellent.

- [www.mastertrader.com](http://www.mastertrader.com)

