

Chapter 4 - The IPO, June 29-30, 1999

Larry and Donna have made the last pitches of the hackoff roadshow in New York today, including a lunch for about ten small funds at the Jockey Club. Gustav was with them as he had been on the entire trip for the last day in New York. Harvey Maklin, himself, replaced Rachel on the bankers' team and introduced Larry and Donna at each account and at lunch. Chief trader Sam Gutfreund has joined this group in a Barcourt & Brotherson conference room at the World Financial Center.

"The book is a little lighter than we'd like to see," says Gutfreund. "There's only about three-point-five times coverage." He means that there are orders for about seventeen-point-five million shares. Hackoff is selling five million.

"It's been a lousy two weeks in the market," says Larry. "That doesn't have a fucking thing to do with the company and you know it."

"Look," says Harvey. "You guys did a great job. Everybody did a great job. The market did turn against us a little and the book isn't quite what we want to see. That's no one's fault, but it is a fact."

"John Braxton didn't do a great job," says Larry. "We didn't get the support from him that both of you promised. 'Trust me' you both said, and I did and you didn't come through."

"What do you mean?" asks Harvey. "John has been taking calls from the funds; he's been in sell mode; he's even reached out proactively to some of the buy-side analysts to explain the numbers and the story."

"He hasn't been telling the 'e-com cubed' story," says Larry. "You convinced me to stop at 'e-com squared' and John was going to take it the rest of the way to 'e-com cubed' and he didn't. That's what we needed to make this a blow-out. That's what you said you'd do. And you didn't. THAT'S why the book is light. Now you want us to pay for that."

"E-com cubed'..." Harvey says slowly.

"You don't even fucking remember it!" Larry is almost screaming.

Donna looks down at her fingernails.

"Yes ... yes ... 'e-com cubed'. Of course I remember," says Harvey unconvincingly. "Of course, I remember. And, of course, John did try that. But, for some reason, Larry, it didn't hunt," he says, gathering speed. "He tried. We all thought it was good a way to put the pitch, but sometimes things we think'll work just don't resonate with—"

"They don't fucking resonate if you don't fucking say them," says Larry. "I could've sold 'cubed', but you guys told me to stick with 'squared', that you'd

do the rest. And you didn't. Now we have a 'light' book and you want the company to pay for that."

"The book's not all that light," says Donna. "We've got a million share order from Semper."

"Looked at another way," says Gutfreund, "a million shares comes from this one order and they certainly don't expect to get a million. If we gave them close to this they would consider the IPO a bust. The rest of the book is even lighter if you take the Semper order out. And, frankly, I would have thought we'd have gotten more interest after word of that one got out. I..."

"You what?" Larry interrupts. "Why do you think we didn't get more orders? What did you hear?"

"The market was weak," interjects Harvey. "We know that. We—"

"Let Sam finish," Larry growls. "He was about to say something else. Sam, what did you hear?"

"I heard that some funds were nervous about your background," says Sam Gutfreund, trader and expert poker player. He looks Larry in the eye without flinching.

"My 'background' MADE this company," says Larry softly but with steady and angry emphasis.

"Not an issue, Lar, not an issue," says Harvey, executive and diplomat. "You guys did a great job. You have a great company. The book is what the book is. Now we have to price the deal and get it done."

The company said in its preliminary prospectus that the offer would be priced between twelve and eighteen dollars. Now all orders for initial allocations of stock are in and the actual price per share to investors must be set.

"What is Barcourt recommending?" asks Donna.

When Harvey hesitates, Gutfreund jumps in: "Fourteen dollars, and I'm not even sure about that."

"Fucking fourteen dollars?!" Larry explodes. "FUCKING FOURTEEN DOLLARS? Are you out of your minds? You're just trying to create a great runup for your buddies at the funds by under-pricing. Now I understand; you don't give a fuck about hackoff. This is just one deal for you. But you deal with Semper and the rest every day and you don't mind getting a little less commission and screwing hackoff so long as Semper and all the other funds are happy. No fucking way..."

"Larry..." starts Harvey.

"Which part of 'no fucking way' don't you understand?"

"What happens if we price it higher?" asks Donna, calm but not smiling. "Won't you be able to sell the issue?"

"We don't recommend it," says Gutfreund. "Yeah, we'd probably sell the issue, but some of the orders are soft and might back out at a higher price. Then, the big problem is that there might not be enough upside to keep people buying. The stock might not move up or might even move down on opening day. That would be a shitty start; maybe even a busted IPO."

“It’s a pretty shitty start to be below the midpoint of the range,” says Larry. “What kind of signal is that?”

“We don’t think that’s a problem,” says Harvey. “Everyone knows the market’s been weak the last couple of weeks. It just shows that we’re pricing rationally.”

“It just shows that you’re pricing to help your buddies at the funds,” says Larry.

“Look,” Donna says. “Why don’t you Barcourt guys clear out of the room for a while? We need to consult with the Pricing Committee of our Board.” Larry looks like he is going to say something but doesn’t. He stares at the bankers without expression as they leave the room. “Fucking crooks. Do you think the room is bugged? Fuck you guys if you’re listening,” he says to the light fixture.

It takes a few minutes to get the Board on the phone. Joseph Windaw and Joanne Ankers, along with Larry, are the formal Pricing Committee, but Franklin Adams has asked to be included on the call if available which he is. Donna is in the room, of course; and the Chief Counsel, Aaron Smyth, is on the phone taking notes for minutes. Larry angrily but briefly and completely explains Barcourt’s recommendation of fourteen dollars.

“What are you recommending, Larry?” Joseph Windaw asks.

“Tell them to go fuck themselves. The price is eighteen dollars.”

“That won’t work,” says Windaw. “The market is weak. The book is light. That’s irrational pricing. They won’t do it because the market will know its irrational. Remember, the funds can tell what the cover was by the number of shares they get. If they get anything NEAR what they asked for—”

“Okay, seventeen,” says Larry. “I’m a reasonable guy.”

“Still too high,” says Windaw. “Look, Larry, Donna — you guys did a great job. Getting the book as high as it is in this market is an accomplishment. Fourteen isn’t bad; the company will get over sixty-five million net and even more if they exercise the shoe’ Let’s go with it. If we have a good runup, the funds are happy...”

“Why do we care if the fucking funds are happy?” asks Larry. “Barcourt cares but we don’t.”

“We do, Lar,” says Donna. “We DO care if the funds are happy. We want Tommy Chen to be a hero and a happy little boy. We want him to buy more hackoff stock. Then it goes up. Then we do a secondary and sell more stock at a much higher price and we can even sell some ourselves then and take some money off the table. We DO want them to be happy.”

“Why don’t we come back to them at sixteen dollars?” asks Joanne Ankers. “That’s reasonable and we can hear what they have to say. We can always back off that if they don’t agree.”

“I’m not backing off anything,” says Larry. “When I give these guys our price I’m not coming down. So I’ll tell them sixteen or no deal and I’ll mean it.”

“You can’t back out after coming so far,” says Joanne. “You can’t.”

“Just watch me! I’m asking the Committee for authorization to take a firm position at sixteen dollars per share.”

“We can always back off that,” Joanne says .

“No,” says Donna. “No. Larry means firm and he’ll be out of the building if he doesn’t get it.”

There is a silence.

“Larry,” says Joseph gently. “We don’t think you should take that hard a stance. I know how you feel, but we’ve got to move forward. If the bankers don’t like the price, it gives them an excuse not to do a good job supporting the stock in the aftermarket.”

“Are you worried about your banker buddies, too?” says Larry. “I thought you were tough enough to say ‘no’ to them. It’s good for them to hear that.”

“I have no ‘buddies’,” answers Joseph. “I’m in it for the money same as you all should be.”

“I’ll quit before I say ‘yes’ to fourteen dollars,” says Larry. “And there’s no IPO if I quit.”

After another silence Donna says: “If the committee doesn’t mind my butting in, I’d suggest Larry be authorized to take an absolutely firm stand at fifteen dollars. I think we’ll probably get it. It’s the midpoint of the range.”

“I don’t like risking everything for one roll of the dice,” says Joanne. “It’s less than five million difference to the company if we go at fourteen instead of fifteen.”

NO BALLS, Larry writes on a note to Donna.

“I’ll support fifteen dollars,” says Joseph. “I’m not sure we have to go to the mat, but I’ll take Donna’s word for it.”

“Okay,” says Joanne. “I don’t like doing business this way but we’re all tired. Good luck. I assume you’ll offer sixteen and the agree to fifteen as a bottom line.”

“No,” Larry answers. “You assume wrong. I’m not backing down again. Since the committee doesn’t have the balls to go for sixteen, I’m telling Barcourt it’s fifteen dollars: take it or leave it.”

“I don’t advise that,” says Joanne. “But you guys are there. Good luck.”

When the bankers come back in the room, Larry says: “My board hates the price. It ought to be seventeen dollars. But we think you guys’ll screw up the deal at that price and won’t support us in the aftermarket. But we’re not going below fifteen.”

“We advise fourteen,” says Gutfreund when Maklin is slow to respond.

“Larry has board authorization to walk at less than fifteen,” says Donna.

###

hackoff.com Prices 5.00 M Share IPO At \$15.00/Share

DOW JONES NEWSWIRE

June 29, 1999 5:33 p.m.

NEW YORK - hackoff.com Inc. (HOFC) priced its 5.00 million share initial public offering at \$15.00 a share, in the middle of the offering's anticipated price range, Barcourt & Brotherson said on Tuesday.

The offering's gross spread was \$1.05, management fee was 17 cents, underwriting fee was 17 cents and selling concession was 61 cents. Reallowance was a dime.

The offering's settlement date is Monday, July 5.

hackoff.com, Inc. licenses antivirus software to e-commerce websites. The company was founded in 1993.

The company has said it plans to use the offering's proceeds to fund capital purchases, finance increased sales and marketing efforts, to repay debt under its current line of credit, and for other general corporate purposes.

First Canada Bank Corp and Web & Stinger were also listed as underwriters for the offering.

— By James Hoodar, Dow Jones Newswires; 201-555-7002

###

It is Wednesday morning, June 30, the day hackoff.com opens for trading. Larry Lazard is with Harvey Maklin and Sam Gutfreund at the Barcourt offices in the World Financial Center. There is no trace of the previous evening's hostility.

"I'll leave you with Sam," Harvey says. "He can walk you through the plan for the opening and also take you up to the trading floor if you'd like. It looks good. Good luck."

"Thanks," says Larry.

"So," says Sam, "we have a pretty good book of orders for the open. I think we'll open about 9:45 when things stabilize a little and it looks right now that we'll be opening at seventeen or eighteen."

"Why seventeen or eighteen? Why not sixteen or, better, nineteen?"

"It's more art than science," explains Sam. "We try to pick an opening point with as many bids below as there are asks above; that way we sort of balance the buyers and sellers. We also try to pick a place where there are lots of orders we can immediately match. There are lots of people right now who will buy in the sixteen to seventeen range; there are shares for sale in this range."

"Who are the bastards who're selling already?" asks Larry. "They've got to be the same people who were just begging us for stock last night."

"It takes buyers AND sellers to make a market," says Sam. "Don't take it personally. They bought at fifteen. They haven't taken delivery or paid for the stock yet. And they'll have a locked in two or three dollar profit on money they haven't even spent. That's not all bad. There is such a thing as a busted IPO,

even these days. There are stocks that are lower at the end of opening day than at the beginning. Some people even think that some day this market will crash. And these guys get to bank their profits before they begin.”

“They’re parasites,” says Larry, but he is smiling.

Larry and Sam pour themselves some coffee from a silver pot in the plush conference room. Across from the east-facing room, the rectangular bulk of one of the twin towers of the World Trade Center blocks the morning sun but is surrounded by brilliant blue sky.

Just after 9:30 Sam leads Larry up a couple of flights of stairs to the trading floor. This whole floor of the building is separated by low partitions into several large areas filled by traders at consoles. Each console has four or five wide computer screens stacked in various configurations. The traders’ heads are usually centered between all the screens and they turn quickly from one to the other to track the ebb and flow of the market. Sometimes a trader — usually a young man, sometimes a young woman, rarely over thirty — will lean into one screen to focus on a single event or datum. Most traders have a Bloomberg terminal as one of their screens. The traders hands fly over multiple keyboards and computer mice as if they were playing online games — they never look at their fingers.

The traders usually buzz, but sometimes yell from station to station. They also have some phones that permanently connect them to shadow counterparts somewhere else and other phones with rapid-dial buttons for less frequent connections. They never look out the window; they rarely look up, except at the large screens on the wall, which display still more numbers. One shows the current market averages in New York and a few peripheral cities around the world. One is playing CNBC, another CNNfn.

Sam introduces Larry to Raphael, a trader whose console and chair are on a raised dais. “Raphael is going to open hackoff. He’ll manage the trading, at least for today. He’ll keep things as orderly as he can. The open is a very special skill since orders are all over the lot. No one does it better than Raphael.”

“Let’s take the stock up all day,” says Larry to Raphael.

“Won’t happen,” grunts Raphael. He has hardly looked up from his screens for the CEO introduction.

“What does that mean?” asks Larry, alarmed. “Do you see something bad? Does he see something bad?” Larry asks Sam when Raphael doesn’t answer.

“No. Looks fine, I think,” Sam says peering in at the screens. “He just means nothing goes straight up. It’ll go up; it’ll go down. And we hope it’s up a lot at the end of the day. That’s the way it is.”

“I’m gonna open now at nineteen,” says Raphael to Sam.

Larry starts to ask why the price has been revised up but is drowned out.

Raphael stands to shout to the floor. “Opening hackoff at nineteen!”

Heads turn; fingers fly; phone calls are made; and trading of the public shares of hackoff.com has begun.

“Taking hackoff up to nineteen-and-a-half!” shouts Raphael. Soon 20, 20 $\frac{1}{2}$, 21, 21 $\frac{1}{4}$, then 20 $\frac{1}{2}$ again. Almost a million shares trade in the first half-hour.

“Why is it going down?” Larry asks anxiously.

“More sellers than buyers,” says Sam.

“Why?” asks Larry. “What’s wrong? Why are they selling?”

“They’re traders. They trade. That’s what they do. A minute ago they were buying; now some are selling; then they’ll buy again.”

“Why is Raphael taking the price up and down?” asks Larry, still anxious. “Why doesn’t the stock just trade and the market’ll determine the price?”

“That’s what will happen,” says Sam. “On a normal day, we will just monitor the trading and maybe step in if things get disorderly. But on opening day the stock is still trying to find its price and we have to help it get started. That’s what Raphael does. He’s like a tug getting the stock out of the harbor and off to sea. Can I show you any other parts of the trading area?”

“No,” says Larry. “No, thanks. I just wanted to see it open. I’m going back to the office now.”

Sam shakes hands with Larry at the elevator. “Good luck.”

From the ground floor of the World Financial Center, Larry walks east on the enclosed sky bridge over West Street to the concourse of the World Trade Center. In the concourse, the stock ticker of a retail brokerage shop says:

3000s HOFC 22 $\frac{1}{2}$

Meaning that three thousand shares of hackoff.com have just traded at \$22.50. Next:

HOFC 23

A 100 share lot has traded at \$23. Every tenth trade or so is hackoff as is usual with the first day of trading. Larry watches, fascinated, as the stock walks up to 23 $\frac{1}{2}$, 24 $\frac{1}{4}$, and 25. He tears himself away when it trades back down to 24 $\frac{1}{4}$.

Larry goes into the cigar store in the concourse and buys himself a large torpedo-shaped Balmoral with a dark Sumatra wrapper and has the salesman cut it for him. He lights the cigar as he emerges into the bright sunlight onto Greenwich Street. His walk down to Wall Street and then East to Broad is interrupted several times by his need to watch each stock ticker he passes for as long as HOFC is going up; he only leaves on down ticks. At the last ticker before his office at 55 Broad Street, hackoff is at 26.

###

The Chat Board

hackoff opens

by: [thewatcher02](#) (35/M/New Rochelle, NY)

06/30/99 9:50 am

Msg: 1 of 15

hackoff's opened at 19!

Re: hackoff opens

by: [ChorusLine](#) (22/F/Paramus, NJ)

Long-Term Sentiment: **Buy**

06/30/99 9:51 am

Msg: 2 of 15

Posted as a reply to: [Msg 1](#) by [thewatcher02](#)

No where to go but up!

Re: hackoff opens

by: [pooper](#)

Long-Term Sentiment: **Sell**

06/30/99 9:52 am

Msg: 3 of 15

Posted as a reply to: [Msg 2](#) by [ChorusLine](#)

The only thing going straight up is Al Gore for president

Hackoff

by: [Jumbo10](#) (43/M/New York, NY)

Long-Term Sentiment: **Strong Buy**

06/30/99 9:53 am

Msg: 4 of 15

hackoff.com might actually be a real company unlike most of the shit that's coming out lately. They've been in business for years and they actually get real revenue from some of their customers. Not profitable yet, of course, but there's something to look at besides how many hits their website gets. I see their hackmenot logo on more and more sites. The ones that dont pay them cash give them stock so theres e-commerce upside too. It's really a b2b play.

The CEO knows a lot about the Internet security market. Back in the early 90s he was responsible for a hack called Gotcha – stole a lot of credit card numbers from banks. He

confessed — must have been close to getting caught — and went to jail. But when he got out he started hackoff and its been growing ever since. Hes a crook, of coarse, like all CEOs but maybe he's our crook.

The CFO's a babe; she used to model swim suits. But she's supposed to have brains, not just tits.

The CTO's from Microsoft. That means he's smart. Of course, sometimes the ones that leave Microsoft aren't so smart.

The sales guy is from CA and Symantec; they know how to sell.

Of coarse Barcourt took them out and they're a bunch of crook but so is everyone else on the street.

Re: hackoff opens

by: [scooper](#)

Long-Term Sentiment: **Buy**

06/30/99 9:54 am

Msg: 5 of 15

Posted as a reply to: [Msg 3](#) by [pooper](#)

pooper, you're just as much an asshole as your buddy gore and this is not a political board

Re: hackoff

by: [Alaska60-60](#)

Long-Term Sentiment: **Strong Sell**

06/30/99 9:55 am

Msg: 6 of 15

Posted as a reply to: [Msg 4](#) by [jumbo10](#)

Jumbo you must be hacking off yourself thinking about donnas tits. jerkoff is a turkey company run by a lizard. Antihack has these assholes beet hollow.

Re: hackoff

by: [scooper](#)

Long-Term Sentiment: **Buy**

06/30/99 9:56 am

Msg: 7 of 15

Posted as a reply to: [Msg 6](#) by [Alaska60-60](#)

alaska, you're as much an asshole as your friend pooper and this is not the antihack board. why don't you stay there where you belong so you can pump and dump that and not bother us here on this board

Jerkoff down

by: [Alaska60-60](#)

Long-Term Sentiment: **Strong Sell**

06/30/99 10:01 am

Msg: 8 of 15

the stock is in the crapper already. Its down to 20. Sell b4 it crashes

Re: Jerkoff down

by: [Jumbo10](#) (43/M/New York, NY)

Long-Term Sentiment: **Strong Buy**

06/30/99 10:05 am

Msg: 9 of 15

Posted as a reply to: [Msg 8](#) by [Alaska60-60](#)

It priced at 15, opened at 19, and now is at 20, asshole. All these dips are is a chance for the marketmaker crooks to buy cheaper than we can. Try to buy at the last trade price and you'll see you can't do it. The mms have this well in control. But it looks like it's a good company and it's a buy in the 20s or even 30s.

Re: Jerkoff down

by: [PacPhil](#) (22/M/New York, NY)

Long-Term Sentiment: **Strong Buy**

06/30/99 10:07 am

Msg: 10 of 15

Posted as a reply to: [Msg 9](#) by [jumbo10](#)

Jumbo, you sound like you know your shit. I hope you'll write more about hackoff. Where do you think the stock'll be a year from now? How can an excon be a CEO? What does the street think?

Re: Jerkoff down

by: [Alaska60-60](#)

Long-Term Sentiment: **Strong Sell**

06/30/99 10:10 am

Msg: 11 of 15

Posted as a reply to: [Msg 9](#) by [jumbo10](#)

Your an idiot or just getting reddy to dump your stock. Maybe you work for jerkoff. This turkey is headed noware but down and the lizard'll take it there

Whats Happening

by: [CLess](#)

06/30/99 10:15 am

Msg: 12 of 15

Does anyone know what hackoff opened at??? Is a porno site a good investment?

Donna

by: [TestTost \(32/M/San Francisco, CA\)](#)

Long-Term Sentiment: **Strong Buy**

6/30/99 10:15 am

Msg: 13 of 15

Donna's a babe. Did U know she was in the SI Swimsuit addition in 90 something???? She's so hot!!!!

Re: hackoff opens

by: [ChorusLine](#) (22/F/Paramus, NJ)

Long-Term Sentiment: **Buy**

06/30/99 10:16 am

Msg: 14 of 15

Posted as a reply to: [Msg 2](#) by [ChorusLine](#)

Its bouncing up and down. What will the street think?

Stock Opened

by: [thewatcher02](#) (35/M/New Rochelle, NY)

06/30/99 10:30 am

Msg: 15 of 15

hackoff's up again. Its at 23

###

Fifty-five Broad Street is a high-tech tower. Its owners tout it as the "digital sandbox", the "original home of New York's technology industry". After tossing the butt of his cigar down a sewer grate, Larry takes the elevator up to

the fourth floor offices of hackoff.com where there is a party going on in the conference room — pizza and champagne. CNBC is showing on a big monitor and there are cheers each time the HOFC symbol crosses the ticker at the bottom of the screen — louder, of course, when it ticks up than when it ticks down.

One of the programmers makes a sweeping bow to Larry as he enters the room. Others imitate him and almost everyone cheers.

“You did it, boss.”

“I’m rich.”

“More options.”

“Shit, it’s down to twenty-four.”

“What’s wrong?”

“No, it’s going back up again.”

Larry waits awhile then gets everyone to quiet down so he can speak. “Okay guys, we did it. Going public is the reward we all get for the long days, for all the nights at work. This is something we all did together; that’s why hackoff gives options to everyone. Everyone who contributed should be a winner and you are ALL winners. Today is a day to celebrate. But tomorrow we have to get back to work. Hackers already target us because we frustrate them. Now that we’re public we’ll be even more of a target. We worked hard to get where we are. But we can’t stand still. There’s more hard work ahead. That’s the only way to make sure the stock price keeps going up and that you earn more options.

“We can’t watch the stock price all day or, for sure, it will stop going up,” Larry adds, but he can’t resist noticing that it is at 26 1/2. “It’s going to go down as well as up and we can’t get obsessed by these short term movements.”

On cue, the price falls back to 25 on a block of 100 thousand shares. Everyone groans and Larry loses the flow of his speech.

“Lar,” says Dom Montain, the CTO, “at Microsoft we had a little applet that stayed on everybody’s screen all day with the latest trade. It saved everybody going to the Web all the time to check the price. Saves bandwidth, too; the data just rides along in heartbeat packets. Do you want that for here? I think I have the source code. Anyway, it’s easy.”

“No, that’s dumb,” says Larry harshly. “We have to work; not watch the stock all day.” His vehemence stanches the happy buzz for a few minutes, but he smiles and the buzz resumes as the stock ticks back up.

“Boss, we got you your special mushroom and pineapple pizza,” says a short administrative assistant in a very short leather skirt and tight black, hackoff t-shirt. They have saved a special pizza for Larry and he makes a show of eating it gratefully while he sips champagne and watches the ticker.

“Hey, boss?” says one of the salesmen.

“Yeah?”

“How DO we get more options? When will hackoff be giving out some more?”

“Don’t be greedy,” says Larry. The laughter from the crowd is dutiful but not enthusiastic. “And don’t be in too much of a hurry to cash out your options when the trading window opens.”

“Yeah,” interrupts Dom. “The first people at Microsoft to cash out their options bought motorcycles; the next group bought Porsches, then Ferraris, then houses, then mansions. The SMART people held on and they’re wind surfing year-round or doing whatever the hell else they please...”

“This isn’t Microsoft,” says Larry.

“And none of this is to be taken as advice on what to do with your stock once the trading window opens,” says chief counsel Aaron Smyth, glancing pointedly at Dom. “Management never gives advice.”

“Okay, people, back to work,” says Larry, smiling again as the stock rises to 27. He turns off the TV and goes back to his office.

An hour later, the stock is at 19 and Larry, alone in his office, is clearly anxious and constantly checking the price. All over hackoff, people are checking the stock price and recalculating their net worth every ten minutes. The company’s LAN slows to a crawl under the burden of price queries to the slight annoyance of the few people who are trying to work and the great annoyance of those who need yet another quote.

###

Email, June 30, 1999

From: Kevin Wong [mailto:kevinw@hackoff.com]
Sent: Wednesday, June 30, 1999 12:01 PM
To: Dom Montain
Subject: stock price applet

Looks like we need it:-}

From: Dom Montain [mailto:domm@hackoff.com]
Sent: Wednesday, June 30, 1999 12:04 PM
To: Kevin Wong [mailto:kevinw@hackoff.com]
Subject: RE: stock price applet

Doesn’t sound like Lar wants it:-{

Someday he’ll listen.

From: Kevin Wong [mailto:kevinw@hackoff.com]

Sent: Wednesday, June 30, 1999 12:06 PM
To: Dom Montain
Subject: hofc

Now its 18.

From: Dom Montain [mailto:domm@hackoff.com]
Sent: Wednesday, June 30, 1999 12:08 PM
To: Kevin Wong
Subject: RE: hofc

Watching won't help. Lar's right about that.

From: Eve Gross [mailto:eveg@hackoff.com]
Sent: Wednesday, June 30, 1999 12:09 PM
To: Larry Lazard
Subject: CNN

Lar:

They want to do an interview tonight about the IPO! Want to do it?

Eve

From: Larry Lazard [mailto:larryl@hackoff.com]
Sent: Wednesday, June 30, 1999 12:10 PM
To: Eve Gross
Subject: RE: CNN

Yeah! But check with Aaron what I can say and what I can't. It's still technically the quiet period.

From: Aaron Smyth [mailto:aaronsm@hackoff.com]
Sent: Wednesday, June 30, 1999 12:20 PM
To: Larry Lazard
Subject: Privileged attorney-client communication

Larry:

I talked to the lawyers at Barcourt and they're not happy about you doing anything on CNN in the quiet period. The SEC could get upset; could claim you're hyping the stock.

Aaron

From: Larry Lazard [mailto:larryl@hackoff.com]
Sent: Wednesday, June 30, 1999 12:22 PM
To: Aaron Smyth
Subject: RE: Privileged attorney-client communication

What the fuck. When did they repeal the first amendment? I know I can't hype the company. But I can quote from the prospectus and I can talk about the industry. I know what I'm doing.

What happens if I do it and they don't like it? Are they gonna undo the IPO? Stock keeps going down like it is, the IPO will undo itself.

From: Aaron Smyth [mailto:aaronsm@hackoff.com]
Sent: Wednesday, June 30, 1999 12:23 PM
To: Larry Lazard
Subject: RE: RE: Privileged attorney-client communication

Larry:

Can I come over and talk to you about it?

Aaron

From: Larry Lazard [mailto:larryl@hackoff.com]
Sent: Wednesday, June 30, 1999 12:23 PM
To: Aaron Smyth
Subject: RE: RE: RE: Privileged attorney-client communication

Come

#

“Larry, look, they’re not being unreasonable,” says Aaron a few minutes later. “You know what the rules are, but the press doesn’t have to follow them. They’re going to try to get you to say more than you’re supposed to. You might look stupid if you DON’T say anything; you’ll get in trouble if you DO. My advice is let it go. There’ll be another chance.”

“The fucking trading desk is supposed to HELP the stock,” says Larry. “It’s falling like a rock. It’s at eighteen. They’re not doing their job and now they don’t want me to do mine. How’re people supposed to buy the stock if they’ve never heard of the company? Is there a law against doing it? Did we sign some fucking agreement that says I need permission from Barcourt lawyers before I shit?”

“There’s a regulation against hyping the stock, especially in the quiet period,” says Aaron, still calm. “They get to see press releases during the quiet period but they don’t have a veto and this isn’t a press release. You can do it if you want. But it’s a risk...”

“Life’s a risk. I could get killed crossing the street on the way to the interview. I’m gonna do it. Let them know.”

“Do you want to discuss it with Donna?”

“No. I don’t. She’s the CFO. She does the numbers. When I want advice about numbers, I’ll ask her. When I want advice about the law I ask you. You told me that there’s no law against it, but there’s a risk. I decided to take the risk. Just tell them I’m doing it... Stock’s back at nineteen now; that’s a little better. Wonder what the fuck is going on with it?” Larry is now talking to himself.

“Okay, Larry, be careful. DON’T TRUST THE PRESS.”

“Right. Thanks.”

#

When Larry gets to the television studio at 500 8th Avenue he finds that the marketing lady, Eve Gross, has been a little optimistic. It is not CNN itself but its little sister CNNfn that wants to interview him. A twenty-something producer with a pierced nostril leads him to the green room which is actually just an alcove off the makeup room with a dilapidated water cooler and a monitor showing the broadcast.

Waiting to go on before Larry are an analyst from a brokerage firm with her PR lady and the current girlfriend of the publisher of a prominent men’s magazine with an entourage of two other women whose duties are not apparent.

Larry watches the host, Robert Sanford, read the financial news off his TelePrompTer until he is called in for makeup.

“We’re just going to powder your nose a little to take off the shine and then spray your hair to keep it in place,” says the makeup lady, shifting her gum to the other side of her mouth. But she is interrupted by a call on her cell

phone and issues a substantial stream of “he goes...” and “she goes...” and “then I go...” before getting back to Larry.

“I’d much rather do men,” she says to Larry. “Their makeup, I mean. They’re not so particular. Some women...” She gestures with her head to the girlfriend of the publisher. “Some women just make it impossible to get your job done, ya know?”

“Yeah,” says Larry.

“Okay, now don’t touch your hair. When you’re done, come on back here and I’ll give you some cold cream to get the powder off.” She’s back on the phone with more “he goes/she goes...”

Larry turns up the monitor so he can hear the interview with the analyst.

#

Sanford: What did you think of today’s IPOs?

Analyst: Well, Bob, it’s a pretty typical day. Three new companies out of the gate. One of them, haircolor.com, tripled before the close. Actually it was up four times in the afternoon but there was a little profit-taking at the end. There was the adult site which doubled to thirty dollars, and freesoftware.com had a little less interest than expected and is up a disappointing fifty percent.

#

Larry looks around desperately for the producer. Finally, he spots her. “They’ve got it wrong,” he says. “Hackoff.com’s not a porno site; it’s an e-commerce site.”

“I know,” the producer says. “I do my homework.”

“But the analyst Sanford is interviewing just said it’s a porno site. That’s go to be corrected; that’s wrong.”

The producer is amused: “You can’t change what the analyst says,” she says. “Besides, her four minutes are up. She’s coming off the air. You’re up after the girlfriend.”

“But does Sanford know? Is he going to introduce me as the CEO of a porno site?”

“Sanford doesn’t know anything yet. During the next commercial, before you go on, he may read the briefing I gave him. Or he may not. You may get a second to talk to him before you go on the air. Or you may not. It all depends. No problem; it’ll be fine. I’ll be back to get you in a couple of minutes and lead you to your place.”

#

Sanford: You and the publisher have both a business and a personal relationship, as I understand it.

Girlfriend: Yes. Yes we do. We also have a spiritual relationship.

Sanford: I don't want to pry, but it seems to me a legitimate business question is: Do you think your relationship will last? The publisher has had lots of relationships...

Girlfriend: Bob, as I just explained, our relationship is special. It's business; it's personal; it's spiritual. It will last.

Sanford: Well, because of the business dimension, it is important to our viewers. I mean otherwise it would be private. I mean isn't fifty years a rather large age difference?

Girlfriend: Bob, I don't think you get the spiritual dimension here. Age is just not important in the spiritual place that the publisher and I are at. It's just so irrelevant.

Sanford: Thank you for being my guest on "Meet the Money".

Girlfriend: Thank you, Bob. It's been great to be here.

#

"Okay, you're up next," the producer says to Larry.

She leads him through a murky area, cautioning him to step over the cables. They pass the girlfriend who is swearing spiritually under her breath.

Larry goes up on a dais in a chair next to Bob Sanford, who is fixing his hair and talking through his mike to someone who is talking back through the earphone in his ear. A guy in a Grateful Dead tshirt clips a mike to Larry's tie, pushes the wire under his jacket, and gives Larry the box at the end of the wire to put in his jacket pocket.

"Sixty seconds," the producer says.

"So," says Sanford, still off the air, "you're one of those dot.com billionaires. I hate you guys." He doesn't sound like he's kidding.

"Just a millionaire," says Larry. "And that's all on paper. It's not real. I can't sell my stock for at least six months. I..."

"Yeah, you guys are always whining ... all the way to the bank. I didn't think porno sites went public."

"We're not a porno site," says Larry. "We're an e-commerce site. The producer said you were briefed on all this..."

"Five seconds," the producer says.

The red light illuminates on top of the camera facing Sanford which dollies in. He looks into the TelePrompTer to read the introduction. To viewers, it looks as if he has leaned towards them.

#

Sanford: Our next guest on "Meet the Money" is Larry Lazard, Chairman and CEO of hackoff.com, stock symbol HOFB. Although hackoff was not the most successful IPO of the day, it did double and leave Larry with plenty of money. Larry, welcome to "Meet the Money".

Larry: Thank you, uh ... Bob. It's a pleasure to be here.

Sanford: Many people believe that hackoff.com is an "adult" site. You say it's e-commerce. Is it both?

Larry: No. hackoff.com has nothing to do with pornography. We're an e-commerce business. We supply the software that keeps e-commerce sites safe from hackers who want to steal credit card information and do other bad things. We are making e-commerce secure.

Sanford: Do you think the people who bought your stock and made it double today did that thinking that hackoff is an adult site? Maybe they think that IS a good business.

Larry: No. No; I don't think that. I think people bought our stock because they think we have a good business and they want to share in that success.

Sanford: Do you think that people didn't buy your stock because they don't like your business plan? Actually, the haircolor.com IPO did much better than your company today. They have a business model that people can understand.

Larry: I don't know. I can't really talk about our business plan other than what is in the prospectus because we're still in the quiet period. But were pleased with the IPO.

Sanford: Rumor on the street is that hackoff was priced below expectations at the midpoint of it's range. Do you think that's because you spent some time in prison prior to being CEO of hackoff?

Larry: No. I don't. I think people recognize that I have a unique understanding of the market for online security and that hackoff-

Sanford: Do you think hackoff will go down when investors find out that it's not an adult site? I'm sure a lot of them thought it was. There are lots of investors listening to us now.

Larry: I...

Sanford: Larry, our time is up. Thank you very much for being my guest on "Meet the Money".

Larry: Thank you for having me.

###

The Chat Board

Larry on CNNFN

by: [thewatcher02](#) (38/M/New Rochelle, NY)

06/30/99 5:45 pm

Msg: 201 of 216

Larry Lazard is going to be on Meet the Money at 6!

Re: Larry on CNNFN

by: [ChorusLine](#) (25/F/Paramus, NJ)

Long-Term Sentiment: **Buy**

06/30/99 5:51 pm

Msg: 202 of 216

Posted as a reply to: [Msg 201](#) by [thewatcher02](#)

That should send the stock up tomorrow!

Re: Larry on CNNFN

by: [pooper](#)

Long-Term Sentiment: **Sell**

06/30/99 5:54 pm

Msg: 203 of 216

Posted as a reply to: [Msg 202](#) by [ChorusLine](#)

Bob Sanford will eat him for lunch he hates dotcoms and he hates crooks.

Re: Larry on CNNFN

by: [Jumbo10](#) (46/M/New York, NY)

Long-Term Sentiment: **Strong Buy**

06/30/99 5:59 pm

Msg: 204 of 216

Posted as a reply to: [Msg 203](#) by [Pooper](#)

This is a good chance for Lazard to tell the company's story. It had a good open and that's what got him on. Now he has a chance to build on that. Of course he can't say too much

without getting in trouble with the SEC but the company has a good story even without hype. Sanford is tough and cynical so it wont be easy tho.

Re: hackoff opens

by: [scooper](#)

Long-Term Sentiment: **Buy**

06/30/99 6:05 pm

Msg: 205 of 216

Posted as a reply to: [Msg 203](#) by [pooper](#)

pooper, you're just as much an asshole as your buddy Sanford. Larry'll do great.

Not Larry

by: [thewatcher02](#) (38/M/New Rochelle, NY)

06/30/99 6:06 pm

Msg: 206 of 216

Larrys not on! Its some woman that thinks hackoff is a porno site.

Re: Not Larry

by: [Alaska60-60](#)

Long-Term Sentiment: **Strong Sell**

06/30/99 6:07 pm

Msg: 207 of 216

Posted as a reply to: [Msg 206](#) by [thewatcher02](#)

Thats what everybody who bought jerkoff today thinks. If the lizard tells them its not it closes at 10 tomorrow. Look out below all you jerkoffs.

Re: Not Larry

by: [scooper](#)

Long-Term Sentiment: **Buy**

06/30/99 6:09 pm

Msg: 208 of 216

Posted as a reply to: [Msg 207](#) by [Alaska60-60](#)

Probably the only reason anyone didn't buy is they don't know what the company is. You're and asshole, Alaska. This was a great IPO and tomorrow will be even better

Still no lizardby: [Alaska60-60](#)Long-Term Sentiment: **Strong Sell**

06/30/99 6:12 pm

Msg: 209 of 216

Now the centerfold cunt thats fucking the publisher is on. She even makes more sense than the lizard will thats why thay put her on first and shes got bigger tits then jerkoffs CFO. You better jerkoff now watching her cause your gonna get jerked off tomorrow.

Larrys onby: [thewatcher02](#) (38/M/New Rochelle, NY)

06/30/99 6:18 pm

Msg: 210 of 216

Larry's on now. Sanford thinks hackoff's a porno site.

Larrys Interviewby: [Jumbo10](#) (46/M/New York, NY)Long-Term Sentiment: **Buy**

06/30/99 6:22 pm

Msg: 211 of 15

Sanford fucked him, no doubt about that. Larry tried and didn't do badly, but he didn't stop him either. I've cut HOFC to a Buy but am still bullish. Just don't know about tomorrow. Larry's got to tell the story better. Maybe he shouldn't have gone on in the quiet period but you gotta give him credit for trying. He's right that he understands e-com security and he kept his cool, but that was a low blow from Sanford about him being an excon and he didn't handle it as well as he should have.

Still a good story, but they're in the big leagues now and have to hit big league pitching.

Re: Larrys Interviewby: [PacPhil](#) (25/M/New York, NY)Long-Term Sentiment: **Buy**

06/30/99 6:24 pm

Msg: 212 of 216

Posted as a reply to: [Msg 211](#) by [jumbo10](#)

Jumbo, good analysis. It was a tough nite.

Was Larry on?

by: [CLess](#)

06/30/99 6:26 pm

Msg: 213 of 216

Was he on???

Sanford Show

by: [TestTost \(35/M/San Francisco, CA\)](#)

Long-Term Sentiment: **Strong Buy**

6/30/99 6:30 pm

Msg: 214 of 216

That centerfold broad was hot!

Re: Larrys Interview

by: [ChorusLine \(25/F/Paramus, NJ\)](#)

Long-Term Sentiment: **Buy**

06/30/99 6:35 pm

Msg: 216 of 216

Posted as a reply to: [Msg 211](#) by [Jumbo10](#)

Its not a porno site. Larrys an excon. What will the street think?

Stock Opened

by: [thewatcher02 \(38/M/New Rochelle, NY\)](#)

06/30/99 6:40m

Msg: 216 of 216

No activity in the aftermarket.

###

Larry and his wife Louise sit naked in their hot tub with drinks and cigars. The hot tub is recessed in a cedar deck which projects from the nearly vertical face of the ocean-facing cliff in Atlantic Highlands, New Jersey. They have privacy while the leaves are on the trees.

To the East, descriptively-named Sandy Hook is dark in the foreground, while the lights of thirty miles of ships leaving and entering New York harbor are in the background. To the North across the harbor are well-lit Kennedy

Airport and Coney Island. To the West, are the Verazano, Brooklyn, and Manhattan bridges, and, on a clear night like tonight, the George Washington in the distance. Their house is cantilevered into the cliff behind and above them.

“I fucked up,” says Larry. “I fucked up royally. No one will buy the stock.”

“Probably no one even watches that CNNfn thing. I never heard of it,” says Louise. She hadn’t been able to watch or Tivo the interview because Larry had told her (as Eve had told him) that it was going to be on CNN.

“Investors watch it,” says Larry. “They’ll all sell in the morning. That guy Sanford hates me; he said he hates me because I made so much money in the IPO. And he screwed me because he hates me and I couldn’t stop him.”

“You’re never as bad as you think you are,” Louise says. Underwater, she grasps his very limp penis. When he stirs slightly, she arches her back so that her dark nipples break free of the water. “The stock closed at thirty dollars,” she says. “You and I are worth 200 million or something on paper. You should fuck up like that every day.”

Larry reaches around her back and rubs her right nipple. The nipple immediately stiffens.

“Two-hundred-five million and change,” he says. “You’re not so bad yourself.” Now he’s erect.

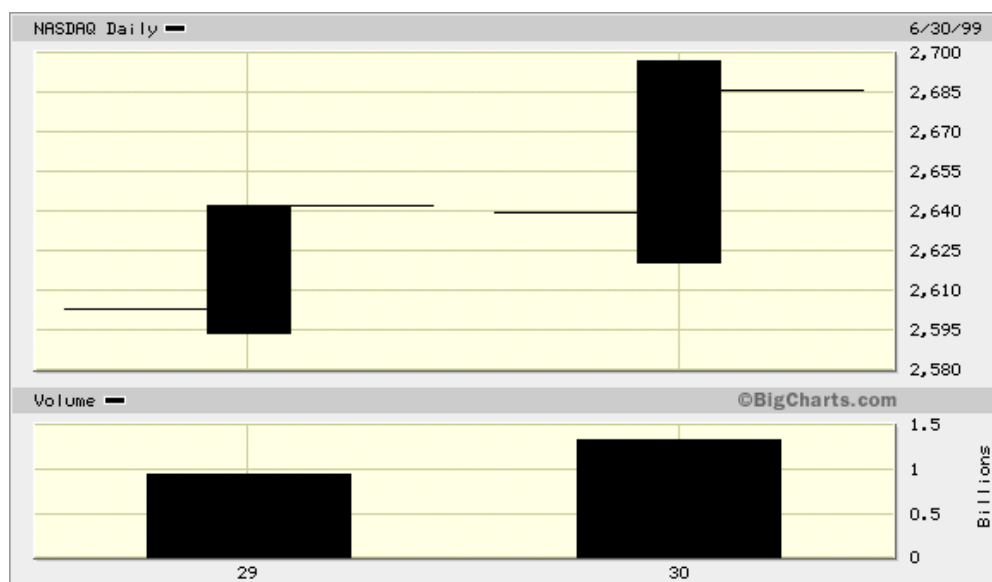
“We are what we are,” she says and pivots onto his lap straddling him and taking him deep into her.

In the distance, a ship’s horn gives a long sigh.

 Buy *hackoff.com*

 Tell a friend

 Write a Review



HOFC Daily Trading 6/30/99

