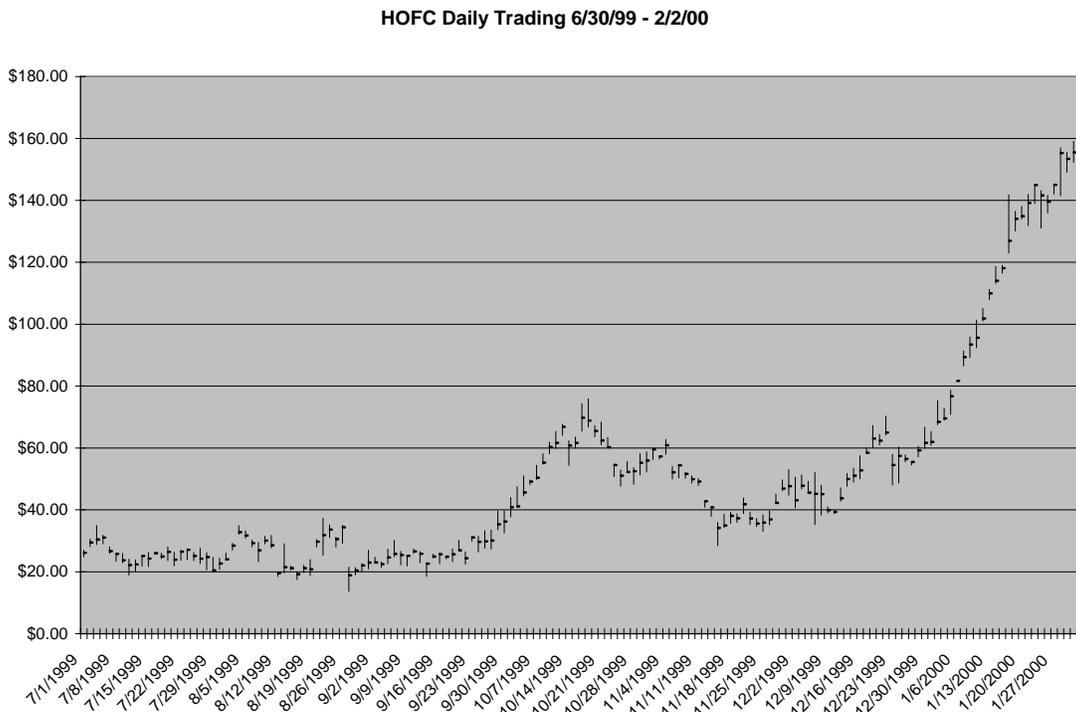
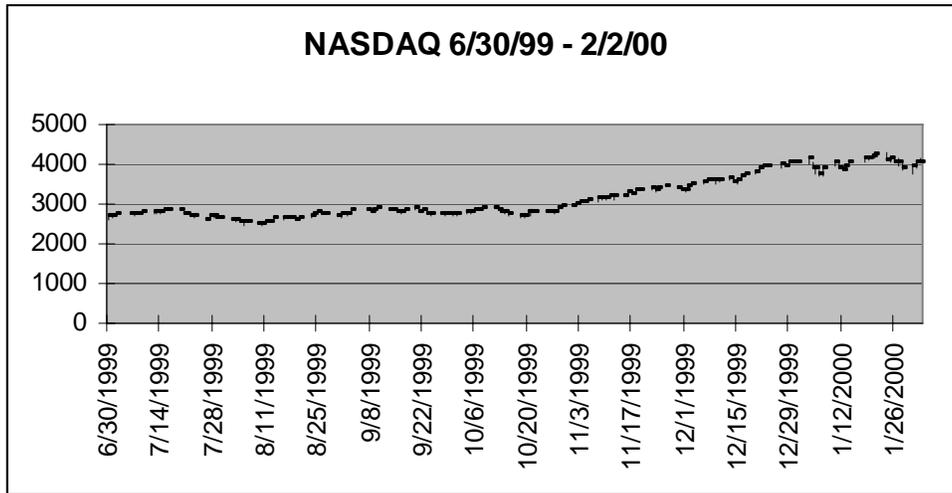


Chapter 7: The Secondary, February 3 – March 28, 2000



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“Now I feel rich,” says Louise Lazard. She and Larry are on the Concorde at fifty thousand feet, streaking east to New York from London on their way back from Davos. They have to take the expensive Concorde because Larry has to negotiate this evening in New York and the logistics of leaving Davos by train didn’t get them to a major European airport in time to make any other connection.

“You should,” says Larry. “On paper, we’re worth over a billion dollars. What’s better, it actually looks like we’re going to get a down payment on that.”

Hackoff is planning to do a secondary offering at which the company will sell more stock. The offering is called a “secondary” because it is after the IPO which is, of course, the initial stock offering. In the IPO the company was the only seller of stock and the company got all of the proceeds (minus the seven percent that went to Barcourt).

In the secondary, the plan is for the company to sell one-and-a-half million new shares and for the founders, venture investors, and top management of hackoff to sell an additional 1.5 million shares for their own accounts. With the stock over 150 dollars per share, 1.5 million shares are worth 225 million dollars. If the secondary were to be done at this price, the company would raise an additional 225 million and the founders, investors and officers would split another 225 million.

The negotiation Larry has to take part in this evening is to determine exactly how much of the 1.5 million non-company shares each of the investors, founders, and officers will get to sell. Together, they own many times this number of shares so it may be a tough negotiation depending on how much each of them really want to sell. Naturally, everyone has been very cagey about his or her aspirations.

“Of course,” says Larry to Louise, “we can’t count on the stock staying at this price through the secondary. Barcourt says that the price of a stock usually goes down when a secondary is announced and it doesn’t always recover until after the secondary is done. Naturally, I don’t ever believe anything those self-serving sons-of-bitches say, so I checked some companies that have done secondaries and it looks like they’re right this time. So we shouldn’t count at selling at 150 or 160 dollars. Be nice though...”

“Why do stocks go down when a secondary is announced?” asks Louise.

“I guess a simple answer is that there is about to be more stock available to the market. Of course, the secondary gives us the chance to go out to all the mutual funds and do the pitch again, which we hope will create more demand. What Barcourt says is that the funds know they’re going to be able to get more shares in the secondary, so they slow down or stop buying in the open market and the price comes down some. Maybe true or maybe just something the bankers and the funds somehow arrange — self-fulfilling prophecy — so that the funds get a chance to get more cheap stock. It’s not like the IPO, though. Since we’re already public, the stock that the funds get is priced at just about where the stock closes on the day we close the secondary.”

“Yeah, you told me that,” says Louise. “But there’s part of it I still don’t get. Why don’t they just buy in the open market? Why should they order at all in the secondary if the price is the same as the market?”

“You’re really getting into this stuff,” says Larry, smiling. “Must be that being filthy rich gets your attention. Good question. I had to ask, too. Two answers I got: one, if they tried to buy a big quantity in the open market it would drive the price up, so they can’t really buy big at market price; the secondary lets them do that. Two, the sellers pay a commission in a secondary, but the buyers don’t, so they save on commissions. That’s pennies, but they do big volumes so it means something. I think the first reason is the real one. There may be one more reason the bankers didn’t mention: in the companies I looked at, the stocks did go down from the announcement of the secondary to the time it closed. Then it went back up — for three out of four of them — higher than it had ever been. So this is another chance for a fund to pick up a fast profit — even if it’s not as fast as an IPO.”

“But why don’t they just buy IPOs?” asks Louise. “They make a lot more money on them. Why bother with secondaries at all?”

“A few people have told me that there aren’t many good companies coming public any more,” says Larry. “There’s getting to be a lot of crap out there. I think the seventeenth online pet food company just announced its IPO. Online grocers are doing IPOs and no one has figured out how they can ever make a profit. The good companies like hackoff are already public. So I think they’d like to balance the new IPOs with some investment in seasoned companies like us that are already public. I don’t think you and I will want to put most of the money we get in the secondary into IPO stocks. But the bankers are all over me to do that.”

“To do what, Lar?”

“To buy a lot of IPO stocks with our new money,” says Larry. “Not that they don’t have lots of other ideas for how to manage our money for us. And complicated ways that we can really sell more than we’re selling but not look like we’re selling and, somehow, not violate the agreement we’ll sign with Barcourt that locks us up for a while from selling more.”

“Speaking of people who want to manage our money,” says Louise, “I got another call from my aunt at Merrill Lynch. She says she’s in their Wealth Management division and they can do a great job for us. She says we’re ‘high net worth individuals’ and that they specialize in managing the assets of high-net individuals who have had recent ‘liquidity events’ — I think that means ‘got a lot of money’.”

“She can get in line with all the rest of the bankers who are calling us,” says Larry. “Must be what it’s like to win the lottery. The phone at the office is one banker after another.”

“I can always tell one of their calls when I get them at home,” says Louise. “They ask for ‘Larry’. When I ask them ‘Larry who?’ they get flustered and mispronounce Lazard. Some of them, though, some of them say ‘Is this Louise?’ They must buy the first names somewhere.”

“That’s when I hang up,” says Larry.

“So, when I say I’m Louise or I’m your wife, they say ‘how is the weather in Atlantic Highlands?’ They all say that. Must be some book they read or something. Maybe there’s a law they have to say that. Anyway, we do have to listen to Aunt Hattie some time.”

Short interruption while Louise orders another drink from the ancient stewardess. Larry declines. He doesn’t drink before negotiating.

“So why should we listen to Aunt Hattie more than any of the other bankers who want to get their hands on our money?” asks Larry. “Second to your father, she was the foremost hater of my guts when I was in jail. Didn’t she want to get you exorcised or something?”

“Simple. She’ll tell my mother if we don’t. We don’t have to give her any money to manage; just listen to her.”

“She’s gonna be even more pissed off when we don’t give her any, I think,” says Larry. “We do her a favor if we don’t waste her time and listen because we already know she’s an idiot. But whatever you want; I always listen to rich ladies like you. As long as you really don’t give her any money to manage. And as long as I don’t have to talk to her before the secondary is done. I don’t know why, but that reminds me, did you get tickets for the Knicks next week?”

“I called Guido,” says Louise. “He says the game with Miami is really hard to get anything for. Everybody thinks Ewing is going to kill one of their players from the fight they had last season and everybody likes to come to the Garden to boo Pat Riley. He’s holding a couple of seats for us. Two- -fifty each and all the way in the back of the club section.”

“Shit,” says Larry, “I don’t want to sit that far back. He couldn’t get us anything behind the bench, even if we pay more? Those seats we had right behind the bench beginning of the season were great. You didn’t go cheap on us, did you?”

“That’s all he said he had,” says Louise. “He didn’t say he had anything better at any price. I didn’t ask him though.”

Larry starts to giggle.

“Larry, you’re giggling,” says Louise. “You don’t giggle. You’re not even drinking. Is something wrong?”

“No,” Larry just manages to choke out, “I ... I just . I...” He can’t control his laughter enough to talk. He manages to blurt out: “We-could-buy-‘em!”

“I don’t get it,” says Louise laughing from contagion and also pounding Larry on as much of his back as she can reach in the small Concorde seats. “Larry, buy what? Are you okay?”

“Buy ... buy ... WecouldbuytheKnicks,” he says in one fast breath and finally gets his laughter under control.

“What?”

“If we can’t get the tickets we want, we’ll just buy the Knicks. I think I read somewhere that the company that owns them would sell or just did sell or something for a little over 200 million. We can afford that. We’ll just buy them and we won’t have to worry about getting seats anymore.”

“Now I really feel rich,” says Louise. “Not sure I want to own Alan Houston, though.”

“You’re right,” says Larry. “Good thing you’re a knowledgeable fan AND a careful shopper. His contract is too rich for someone who won’t dribble. Guess we won’t buy them. Won’t really have the cash anyway. We’re not gonna get that much out in the secondary. Maybe they’d take stock though...”

“Stock’s too valuable to give them,” says Louise, drowsily. She falls asleep with a slight snore and a smile.

After a few minutes, Larry takes his computer out of the seatback pocket and starts to work a spreadsheet to use in the negotiation. He works until the descent towards New York begins.

There are two limos at Kennedy for the Lazards: one to take Louise and the bags back to Atlantic Highlands, the other to take Larry into the city for his negotiations.

“Good luck,” she says. “Don’t buy any sports teams without talking to me.”

“Right,” he says. “I love you.” He sounds distracted.

“You’re already negotiating,” she says fondly. “I love you too.”

#

The doorman at the Harvard Club has been instructed to send Mr. Lazard to the main dining room where he is further directed to the table at which Joe Windaw of Windaw & Wallar and Joanne Ankers of Big Router are sitting. They are half way through their first cocktail. Larry orders a Coke and they settle in with small talk to wait for Franklin Adams of ad-Ventures who has called Joe to say he will be a few minutes late.

“How was Davos?” asks Joe.

“Overwhelming,” says Larry. “Never seen anything like it. Simon Peres, Yasser Arafat - people like that just sort of wandering around.”

“Didn’t Clinton speak there?” asks Joanne.

“Yeah, he did, but he wasn’t wandering around like the other guys. Spoke, but didn’t say anything, as far as I could hear. I guess if you can smoke pot without inhaling you can speak without saying anything. Joanne, you look offended, you’re not a Clinton supporter, are you?”

“As a matter of fact, yes,” says Joanne. “He’s smart, which is more than you can say about most politicians, and I think he understands the needs of the Valley.” She means Silicon Valley in California, of course. “I worked for him in the last campaign and helped manage a PAC for him at Big Router. I don’t know whether people hate him because he’s smart or because his wife is smart.”

“He wasn’t so smart about Monica Lewinsky. Made Hillary look pretty dumb, too.”

“See,” says Joanne, “people can’t discuss him rationally. What’s all that have to do with what kind of President he’s been?”

“Hey,” says Larry, “I didn’t mean to be offensive. By the way, saw a great t-shirt. It said ‘Viagra — a medicine to make blood leave a man’s head and go to his brain’ the quote is signed Hillary Clinton.”

Joanne’s smile looks forced.

“Fortunately,” interjects Joe, “here’s Franklin. He won’t want to talk politics.”

Franklin joins them. “Sorry to be late,” he apologizes. “One of our portfolio companies is having a little bit of a liquidity problem and I’m trying to help them think it through. Bunch of bright twenty-somethings, but I don’t think they’ve ever thought about the need for cash to pay the bills before. Mom and Dad probably paid for college.”

“What single malts do you have?” he asks the waiter. When Franklin gets his glass, they toast the secondary.

“Okay,” says Larry. “I’ve got all of your requests for the secondary, and I really don’t think there’s going to be much of a problem getting you close to what you want. There need to be more shares for management than you’ve left room for, but I think a little adjustment...”

“We have a change,” says Joanne.

“What’s to change?” asks Larry. “You told me Big Router doesn’t sell shares in secondaries as a matter of policy. Do you want to buy some more?”

“No,” says Joanne. “That’s what changed. We do want to sell the same percentage of our holdings as the other VCs.”

“Why the policy change?” asks Larry. “This is gonna put a monkey wrench in things.”

“I’m not sure there is an overall policy change,” says Joanne. “And we don’t think it is putting a monkey wrench in things if we just ask to be treated like the other VCs.”

“You mean your policy is still not to sell but you want to sell hackoff? What the hell’s all that about?” asks Larry. “And what IS putting a goddamn monkey wrench in things is you telling me one thing and then changing it at the last minute...”

“Calm down, Larry,” says Joe.

“Are you afraid I’m going to offend everyone in your goddamn club?” says Larry. “This is a big fu... BFD. We’re a day before announcing our secondary. We have everything just about set. And she—” Larry is partly out of his seat.

“Calm down,” says Joe. This time it sounds like an order.

Larry waits. Joe says nothing more but keeps looking at Larry. Larry sits back down and looks away from Joe. For at least thirty seconds, no one breaks the silence.

“So Big Router is having a bad quarter,” says Franklin.

“What? Are you asking me?” asks Joanne who has not been looking directly at anyone. “We haven’t said anything about the quarter. Who says it’s weak?”

“Not asking,” says Franklin. “I know you can’t say anything. But I heard from a couple of places that the order book is weak and that some of the flakier dotcoms haven’t been paying their bills, so it makes sense that you’d be trying

to show some portfolio profits. You have a nice gain in hackoff and it makes sense that you'd want to get some of it into this quarter."

"Are you selling other portfolio companies?" asks Larry.

"I can't comment on any of that," says Joanne.

"Okay," says Joe. "Why don't we get down to the numbers? Larry, you said you had an allocation in mind — obviously it'll have to change with this new development — but why don't we start there? What do you have?"

"This blows it all up," says Larry. "Okay, just let me get my computer booted." He takes his Dell laptop from his attaché case, pushes his table setting out of the way, and starts to open it on the table.

"I'm afraid you can't do that," says Joe.

"Do what? You haven't even seen the numbers," says Larry.

"I'm afraid you can't open a PC on the table here. It's a house rule. No working papers at dinner and certainly no computers on the table."

"Jesus Christ," says Larry. "Is that because everyone at this club has a daddy who's so goddamn rich they don't ever have to do business? Or is that what they want to pretend? Let's get out of here and go to a real restaurant then. We've got work to do."

"I think that'll take more time than it'll save," says Joe calmly. "If we can't finish over dinner, I can get us a private room after where we can work. Look, Larry, I know you're upset. But I can't believe you need a computer to remember a few numbers. Maybe I would, but you don't, not even if your day is six hours longer than anyone else's. Where did you get up this morning, anyway?"

"Davos," says Larry. "Yeah, I remember the numbers, but it isn't going to be easy for everyone to follow without seeing them. You okay with doing this blind, Franklin?"

"I'm fine," says Franklin. "Go ahead."

"I'm fine with this also," says Joanne.

Larry takes a deep breath. "As you know, we're planning to sell three million shares in the secondary. Barcourt says its okay if fifty percent of those come from selling stockholders, so that leaves us with 1.5 million shares to divide up between us. That's the easy part."

"I've got it," says Joanne.

"I hope so," says Larry, "because now it gets hard. Franklin, you said ad-Ventures wants to sell twelve percent of its stake so long as no one else is selling a bigger piece. Joe, you said you guys want to sell 650 thousand which is thirteen percent. Of course, we were counting on Big Router holding..."

"But that's changed," says Joanne.

"I understand that. But Joe asked that I go over what I originally was proposing before you changed your mind, so that's what I'm doing."

Joanne starts to say something, but stops on a signal from Joe which only she can see.

"Okay?" asks Larry. When no one answers, he continues: "So if Window & Wallar gets to sell thirteen percent, then ad-Ventures would need to sell

thirteen percent which is another 585 thousand making one million 235 thousand. Clearly that doesn't leave enough for—"

"Can you repeat those numbers?" asks Joanne.

"Jesus Christ," says Larry. "You said you were okay with doing this blind. These numbers don't matter anyway, because they're not going to work."

Franklin says: "Larry said that if ad-Ventures and Window & Wallar sell thirteen percent of their holdings, that adds up to one million 235 thousand shares which leaves only 265 thousand for the management team, which he is about to tell us is too little."

"Right," says Larry. "That just isn't gonna—"

"And I agree," says Franklin. "Larry and his team deserve more than that. And what about the other VCs that came in for small amounts with us? Larry, what were you assuming for them?"

"Nothing ... I mean I assumed zero. You didn't say anything about them and I assumed that they wanted to hold."

"No," says Franklin. "I'm sorry about that, but they will expect to get — they have to get — the same percentage that we get."

"Great," says Larry, "so we have an even worse problem. Anyway, just to finish what I started with, I was going to propose that you two both sell ten percent of what you've got. That's just a little less than Franklin asked for. You're in at an average price around a buck a share so, if you sell ten percent at 150 bucks that's what, a 1500 percent return on your initial investment, plus you've still got ninety percent of your stock."

He pauses, but no one says anything.

"Then," he continues, "I was proposing that Aaron Smyth and Frank Folger each get to sell sixty-five thousand shares and Donna sells 100 thousand."

"What about Dom and what about you?" asks Franklin. "We're up to one million 180 thousand so far, I think."

"Right," says Larry. "I'm glad you're following. Dom doesn't want to sell any shares."

"Why not?" asks Joe. "He should take some money off the table. He earned it."

"Doesn't want to," says Larry. "Remember, he comes from Microsoft. That's all he can talk about, for Christ's sake. Anyone there who ever sold off any shares was sorry because almost every six months it doubles. He's right about that. He says he doesn't want to sell. He doesn't need the money and he doesn't want to sell. Anyway, that leaves Louise and me selling just five percent of what we have, half the percentage you guys are selling."

"Okay," says Franklin. "I understand that. Not sure I would have agreed to be cut back to ten percent but, like Larry says, those numbers aren't going to work anyway. So where do we go from here? Joanne, how much is Big Router looking to take out?"

"We ... uh ... we're just looking to be treated like the other VCs. Whatever percentage of your holdings you guys end up selling, we want to sell, too."

“Let’s do the math,” says Franklin. “If we were to give Larry and the execs what they asked for that’s ... uh ... 550 thousand shares...”

“Can’t do that,” says Joanne. “Too much.”

“Let me just work it out,” says Franklin. “Then we’ll go from there. That would leave 950 thousand shares for everyone else. Altogether, venture investors have seventeen million shares. That means we’d be selling just over five percent of what we have. That doesn’t work for ad-Ventures. I don’t want to speak for Big Router or Window & Wallar but my guess is that isn’t going to work for you, either.”

“No way,” says Joanne.

“I thought you’d take whatever the other VCs take?” says Larry. “So how can you say ‘no way’ to five-and-a-half percent if they’re willing to take that?”

“Doesn’t matter,” says Joe. “We’re not. My partners really want to sell the 650 thousand shares we asked for.”

“I think we should call it off,” says Larry. “That means Louise and I will hold our position and so will you. Hopefully the stock goes up some more and we all sell in a careful way.”

There is another long silence. Joanne looks like she is going to say something, but Joe again signals silence to her. The silence is broken when the waiter takes their order.

After the waiter leaves, there is another silence. Finally Larry says: “I’ll call Barcourt in the morning and tell them we’re calling it off.”

“It won’t work,” says Franklin gently.

“What do you mean?” asks Larry in a higher-pitched voice than normal. “Barcourt isn’t going to do a secondary if the CEO doesn’t back it. They won’t do it if I don’t sign a lockup. You’re the Board; you can fire me and get another CEO to agree. But that won’t look good and you’d better be ready to explain why you ignored your fiduciary responsibility to the other shareholders because you couldn’t make an immediate 2000 percent profit for yourselves.”

“It won’t work because the company needs the money from the secondary,” says Franklin. “And it also won’t work because Joe and I will just be forced to distribute the shares we have to the Limited Partners in our funds. And they’ll sell as fast as they can, most of them. We book a gain for the fund at whatever price the stock is at when we distribute it. We’re not going to hold the stock and wait for it to go down.”

“You were willing to sign a lockup as part of the secondary,” says Larry.

“Sure, and we still are,” says Franklin. “But we need to lock in some fund performance and we do that either by selling a little in a secondary or distributing a lot.”

“Big Router Ventures can’t distribute,” says Larry. “It only books a profit if it sells. How do you handle that, Joanne? What happens when these guys distribute and their investors sell and the stock tanks before Big Router can get out? You can’t sell fast, you know. You’re subject to Rule 144.”

“I ... uh ... We...” Joanne is flushed.

“That doesn’t matter,” says Joe. “That’s not what’s going to happen. We’re going to do the secondary for the very good reason that hackoff needs the

cash. And we'll have no problem answering to public stockholders that we did exactly what needed to be done to keep the company solvent — perhaps despite irresponsible management. During the IPO you said, if I'm not mistaken, that the company would have sufficient cash based on the IPO alone to fund it until it's cash flow positive. Now here we are at the end of '99 with only about forty-two million in cash. And, from what Donna tells me, we'll easily burn through that in just three more quarters, one of which we're already in. So the company needs a secondary."

"Like hell we do," says Larry. "The equities in our portfolio were worth 250 million at the end of '99 and they're worth even more now. We're already getting cash out of this without even trying to. Last quarter we cleared about ten mil when AOL bought one of our companies..."

"I've always thought we should've held the AOL stock," says Joanne.

"Well, we didn't," says Larry. "We stuck to our strategy of selling things the market can easily absorb and that don't have the upside of our startups. We did what we said we'd do."

"But AOL is up," says Joanne.

"Regardless," Larry persists through clenched teeth, "we are getting cash from our portfolio now. CBS is gonna buy one of our companies for cash this quarter and I think another one may go, too. This is cash that's coming in whether we want it or not. If we need more liquidity — and I'm not saying we do — we can just proactively sell some of the portfolio."

"You don't want to do that, Larry," says Franklin. "It's always been your strategy to hold the equity where we can and let it appreciate. Besides, a lot of the companies aren't public yet. And you've signed lockups on some of the best stuff that IS public. There isn't that much you can sell. You run the risk of tanking the ones you do sell and creating nervousness about the rest of your portfolio companies. I don't doubt that you could raise some cash that way or that some cash'll continue to come in over the transom from the portfolio. But it's better to do the secondary you planned."

"Are you the good cop, Franklin?" asks Larry. "When did you guys script this?"

"Just trying to do what's best for the shareholders and for our investors," says Franklin. "And for you, too, Larry. Look, I have an idea, do you want to listen?"

"I'll listen."

"You're right — the company has a cushion in all that stock it holds in its portfolio, so it probably doesn't need to sell as much company stock as it was planning to," says Franklin. "The company could probably make do with the proceeds from a million rather than a million-and-a-half shares..."

"I don't see how doing a smaller secondary is going to solve this problem," says Joanne.

"Why don't we let him finish?" says Joe. "Franklin is very smart. Did you see how fast he did all those numbers in his head?"

"Thanks," says Franklin, "this is just an idea, though. I haven't had time to think it all out, so it may be dumb. Suppose we go ahead and offer three

million shares as planned but the company only sells one million. Then there are two million shares left for selling stockholders and we ought to have a much easier time divvying this up if no one gets greedy.”

“I don’t know,” Larry says. “I hear you, and I appreciate that you’re thinking out-of-the-box, but Barcourt was pretty firm that selling shareholders can’t be more than half the offering. Said the optics are bad beyond that or something.”

“I’m sure you can handle Harvey Maklin,” says Franklin. “You were making a convincing case that the company didn’t need any more cash. Surely you can show that the proceeds of a million shares are enough.”

“Yeah, I can,” says Larry. “But they’re liable to just come back and say we should do a two million share offer.”

“I’ve never known you to be naïve, Larry,” says Franklin. “Probably you have jet lag. Those Concordes are too damn fast. Remember: Barcourt’s commission is based on the total selling price. They won’t want to cut back the size of the offer.”

“So what’s the rest of your proposal?” Larry asks.

“Okay. If we put aside 400 thousand shares for management...”

“That’s not enough,” says Larry.

“Let me get it on the table,” says Franklin. “Then you can piss all over it.”

“Right here in the Harvard Club? On the table?” Larry smiles for the first time in the discussion.

“If we leave 400K for management, there’s 1.6 million shares for other selling shareholders. That means just over nine percent for us.”

“Nine-point-fourteen percent to be exact,” says Larry. “But that’s still not enough for management. We can’t do that.”

“We’re going in the right direction but it’s not enough for us either,” says Joe. “No way my partners will settle for selling less than ten percent of our position. Just isn’t gonna happen.”

“We need ten percent, too,” says Joanne.

“Do you want what everybody else gets or do you want ten percent?” asks Larry. “I’d really like to know what Big Router’s position is. Is there a certain amount of profit you’re trying to milk out of this position to cover your bad quarter?”

“I didn’t say we’re having a bad quarter,” says Joanne. “We need at least ten percent. So do the other VCs. I don’t see what’s so complicated about that.”

“This isn’t working,” says Larry. The food comes during the ensuing silence.

“*Bon appetit*,” says Joe. He attacks his t-bone with gusto. Joanne eats a trout very carefully, although she has been assured that it was both raised in the wild and deboned. Larry examines the mushrooms that surround his venison.

Franklin toys thoughtfully with some sort of ragout on wild rice. “We can do it with the shoe,” he says with his mouth full. Some ragout and a few grains of wild rice are attached to his lower lip.

“I don’t understand,” says Joanne.

“Go ahead,” says Larry. “No, wait. Joanne, the ‘shoe’ is the underwriter’s over-allotment.”

“I know that,” says Joanne after swallowing quickly.

“Just so we’re all on the same page,” says Franklin, “we granted Barcourt a standard over-allotment of fifteen percent of the shares offered. So they have thirty days to buy 450 thousand more shares at the offer price. Same kind of thing they had in the IPO, and they bought the shoe within a week of when we started trading. We’ve been divvying this up based on the offering but ignoring the shares in the shoe.”

“Aren’t they usually divided the same way as the rest of the offer?” asks Joanne.

“No law that says they have to be, as far as I know,” says Franklin. “I can remember other transactions where the shoe was handled differently.”

“So can I,” says Joe.

“So let’s establish that the shoe is entirely from selling stockholders,” Joe continues. “That gives us another 450 thousand shares to play with. If we say that another 100 thousand shares from the shoe go to the management pool...”

“Still not enough,” says Larry.

“Let’s start here,” says Franklin.

“I’m not agreeing; I’m just listening,” says Larry. “If I say ‘Okay’. It means ‘Okay, I understand the math,’ but it doesn’t mean I agree.”

“Right,” says Franklin. “So that makes the total pool for other selling shareholders 1.95 million shares. By the time the shoe is sold, we’ll each have over eleven percent. I can live with that, Joe? Joanne?”

Joe says: “I think I can sell my partners on that.”

“What do we have if the shoe doesn’t sell?” asks Joanne. “We’re back to nine something, right? We’re under ten percent. I can’t do that.”

“The shoe always sells, at least these days,” says Franklin.

“I don’t see Big Router accepting the uncertainty,” says Joanne. “We need a real ten percent.”

“Okay...” says Larry.

“Is this ‘Okay, you understand’ or ‘Okay, you accept?’” asks Franklin.

“This is ‘Okay, I have another idea that I think gets us all where we need to be’.”

“Go ahead,” Joe says. “Don’t know how many more numbers I can take.”

“First,” says Larry, “I can’t ask the other members of the management team to play this shoe game. Too complicated for too few shares.”

“That’s what I said,” says Joanne.

“You have lots of shares,” says Larry. “But I can solve your problem, too.”

“I don’t have a problem,” says Joanne.

“Okay,” says Larry, “you don’t have a problem. Will you please let me explain what I’m proposing?”

“Please do.”

“Thank you. Since I can’t ask any other members of the management team to get involved with the shoe, Louise and I will have to take all the risk on

that. Remember, we're pretty much agreed that sixty-five thousand for Aaron and Frank Folger is right and 100 thousand for Donna..."

"I don't agree that Donna has to get to sell 100 thousand," says Joanne.

"She's key to getting this secondary done and to our relationships with the financial community. It sends a bad signal if she gets less," says Joe. "I think we should go with Larry's recommendation on this."

Joanne pouts.

"So that's 250 thousand shares for the rest of the management team..."

"Two-hundred thirty thousand," says Franklin.

"Right, Franklin — 230 thousand," Larry says. "I must be getting tired. So if we allot 500 thousand shares from the base offering to management, that's 270 thousand shares for Louise and me. Less than four-and-a-half percent of what we have. I don't like that, but in the interest of the rest of the team and with some upside I'll take it."

"But Big Router can't take the risk..." Joanne objects.

"I'm getting to that," Larry says. "Let's give Big Router what it wants: ten percent from the basic allotment. That pushes the others down to only eight percent in the initial but they get compensated in the shoe. When the shoe goes, Louise and I get another 100 thousand shares to sell, which brings us over five percent and the rest goes to the other VCs so they come out just shy of eleven percent."

"But then Big Router isn't being treated like the other VCs," Joanne protests.

"Which do you want," asks Larry, "a guaranteed ten percent or to be treated like the other VCs? They're willing to wait for the shoe. You're not. Make up your mind."

"Can I see it on paper?" asks Joanne.

"Not at the Harvard Club," says Larry. "I'm tired, but we can go somewhere else."

"No, just go over the numbers for me again," says Joanne.

Larry does.

"I can buy it if we get to eleven percent after the shoe," says Franklin. "That means that your share of the shoe is only seventy-five thousand."

"Thanks a lot," says Larry. "Joe?"

"I can sell it if we get eleven percent after the shoe. That's my bottom line, too."

"Joanne?" asks Larry.

She looks at Joe. No response. She looks at Franklin. He winks openly.

"Okay," she says. "Okay. Just in the interest of keeping everyone happy."

Larry leaves for home; Joanne heads for the ladies' room.

"It worked out pretty much like we thought it would," says Franklin.

"Our boy's pretty tough even without sleep, but this is about where we thought we'd end up allowing for Big Router's sudden need for cash. I'm selling all my Big Router shares and everything else in that part of the industry, though."

"Yeah," says Joe. "It helps with him being on my home ground. Did you see his face when he couldn't use his computer?"

“He was still pretty quick with his numbers, though,” says Franklin. “I knew he was cracking when he broke the silence after he bluffed with not doing the secondary. I wish you’d been able to shut Joanne up more, though. I think he was closer to walking because of her than the issues.”

“Women are genetically incapable of using silence as a negotiating weapon except against their husbands,” says Joe. “God bless ’em. Not sure she didn’t soften him up some though. He was grinding his teeth when she kept flipping back and forth between wanting to be treated like other VCs and wanting ten percent guaranteed.”

Franklin says: “She was dumb to give up part of the shoe, but maybe she’s right that she couldn’t have sold it to the idiots at Big Router Ventures.”

Franklin leaves shortly after Joanne returns freshened.

“Did you and Franklin plan that in advance like Larry said?” she asks. “I mean did you do good cop/bad cop on purpose? I really want to learn.”

“No,” says Joe. “Franklin and I didn’t discuss this in advance at all. It just worked out.”

“I hope I did the right thing,” says Joanne. “I had a really hard time convincing the investment committee at Big Router Ventures that we should sell any. It really is against our policy and they were afraid it would send some kind of signal that we know something bad about hackoff — I HATE that name. But, in the end, they bought the argument that we already have an outsized gain and that it doesn’t hurt to act like real VCs every once in a while. I was surprised, actually, that they gave in. If it goes way up, they’ll never let me forget it though. I hope you’re right that this is the right thing to do.”

“It’s the right thing to do if you want to be a VC even if does climb from here,” says Joe. “I’m not saying it won’t. Wouldn’t have left as much on the table if I lost faith in the company. But there’s a time to lock in some gain and this is it. Why do you suppose they gave in? Does that tell us something about Big Router’s quarter?”

“I can’t imagine we’re having a down quarter,” says Joanne. “Everybody buys from us, I haven’t heard anything bad. I do appreciate your mentoring, Joe. Thank you.”

Later that night, Joe makes two calls. One is to Harvey Maklin’s voice mail at Barcourt: “Hello, Harvey, it’s Joe Windaw. You’ll get a call tomorrow from Larry Lazard to talk you into letting selling shareholders do two-thirds of the secondary and all of the shoe. Except for the shoe part, that’s what we discussed earlier but, of course, don’t tell him that. Feel free to give him a hard time before you agree; it’ll do him good. Give me a call when you want to hit some balls. See ya.”

The second call is to his broker: “Sell all my Big Router at market and work off the Windaw & Wallar position in Big Router as quickly as you can. Very quietly. Thanks.”

Windaw & Wallar has a lot of Big Router stock because Big Router used its stock to acquire several companies which Windaw & Wallar has funded.

#

“How did it go?” Louise asks sleepily as Larry climbs into bed.

“Not too bad,” says Larry. “That bitch Joanne wouldn’t shut up and I had a raging headache and I never should have agreed to meet on Window’s turf at the Harvard Club and I know they set this up for when I was tired. Oh yeah, and suddenly Big Router wants to sell, too. But still, we’ll get about what I thought we’d get. You and I will sell 320 thousand shares. That would be only about forty-eight million, figuring the stock stays where it is and, of course, we have to pay taxes on that.”

“We should be able to get by. Good job,” says Louise snuggling up to Larry’s back. “Tell me in the morning how everyone got what they wanted when there wasn’t enough to begin with and now Big Router is selling, too.”

“Right, and remind me in the morning to sell all our Big Router.”

“You’re not selling them because they’re selling hackoff, are you?” asks Louise.

“No,” says Larry. “I think they’re going to have a bad quarter.”

Even later that night, a waiter at the Harvard Club calls his brother who happens to be a stock broker. “Sell Big Router,” he says. “They’re going to have a bad quarter.”

“Right, anything else, bro?”

“Ever hear of a company called ‘jerkoff’ or something like that?”

“Can’t think of one. Porn? Anything else you remember about them?”

“CEO is named Larry Lazard. I seated him. They’re going to do ‘second’ they said; that mean anything?”

“Yup. I got it. Lazard is head of hackoff.com stupid fucking name. Were they talking about a ‘secondary’?”

“Yeah. That’s it, a secondary.”

“Thanks for the tip.”

###

TODAY'S MARKETS

Big Router Leads Some Technologies Lower

By PETER SCOTTSON

THE broad STREET JOURNAL
ONLINE

February 3, 2000 5:02 p.m.

Big Router closed down $4 \frac{3}{8}$ at 147 today after an early morning influx of sell orders. The market bell-weather was down as much as $7 \frac{1}{2}$ points in the early afternoon but recovered towards the close. Volume was almost double the typical daily average. The stock is showing some weakness in high volume in after hours trading. The last trade reported was at 146.

Some market participants dismissed the Big Router weakness as a necessary correction after a long run up. Harold Jones, an analyst at FCBC, says that any dips are a good opportunity to accumulate this strong stock. The company says it has made no significant announcements today that would explain this market activity. The company, citing its policy of never commenting on rumors, declined to comment on rumors that its growth for the first quarter may be below the whisper number.

Other router stocks also declined, apparently in sympathy with the move in Big Router. EverFast was down $2 \frac{1}{8}$ to 172, and PacketWarp dipped slightly during the day although it closed unchanged.

Antihack and hackoff.com, the two leading providers of hacker protection to e-commerce sites, both filed with the SEC for secondary offerings today.

Antihack plans to offer four million shares of common stock and approximately 100 million in debt securities convertible into common. Two million antihack shares will be offered by the company and two million by selling stockholders including the founders, officers, and venture firms. Antihack was up as much as $\frac{7}{8}$ to an all-time high of $57 \frac{3}{4}$ on moderate volume at the close and prior to its announcement. The stock is slightly down on moderate volume in after hours trading. First Boston is the lead underwriter for both the antihack equity and debt transactions.

Hackoff.com is offering three million shares of its common, two million of which will come from selling shareholders and one million from the company. The company has been off its highs earlier in the session and closed sharply lower, down $18 \frac{1}{8}$ to $135 \frac{7}{8}$ on heavy volume. It has recovered slightly to 137 on light volume in after hours trading. Barcourt Brother is the lead underwriter for hackoff.com.

###

“What the fuck happened?”

Larry and Donna are in Larry’s office on a conference call with Harvey Maklin and Sam Gutfreund from their respective offices at Barcourt & Brotherson. Larry is pacing back and forth between the table with the Polycom on it and his desk where he can watch hackoff shares trade in the aftermarket.

“Larry, stocks always fall on the announcement of a secondary, we told you that,” says Harvey Maklin. “This is nothing unusual. You’re trading where you traded a week ago. We don’t think this is a bad reaction.”

“It didn’t have to be this bad,” says Larry. “You guys were just asleep at the fucking switch. I was watching. Some big sell orders came up — that was no surprise — and where was your fucking trading desk? You’re supposed to be our market-makers but you weren’t there with a bid. All of a sudden Barcourt disappears. And the stock falls like a fucking rock. I can see what’s going on.”

“We got hit like everyone else with an avalanche of orders,” says Sam. “They took out all our bids before we could repost them.”

“You mean you didn’t want to risk any of Barcourt’s precious capital doing your job even after all the money you’ve made on us,” says Larry.

“It would have been better if the filing was made after the market closed,” says Sam. “Not to make an excuse but we could have handled it better then. Better chance for the information to get absorbed.”

“Your fucking lawyers told us we had to let the filing go when the rumors hit,” says Larry. “Now you’re telling me everything would have been fine if we waited a couple of hours like we wanted to?”

“No, it’s just too bad the rumor got out,” says Sam. “You did what you had to do. We did what we had to do. But we don’t catch falling knives.”

“Now we’re a fucking falling knife! A minute ago Harvey says not a bad reaction and you call us a falling knife. Which is it, guys?”

“Taken as a whole,” says Harvey, “this wasn’t bad. The stock’s not at a bad place. It’s still at nine times the IPO, which is a strong place to start a secondary. Investors may be a little spooked by how much stock is coming from selling stockholders, but I think we’ll be okay.”

“Now you’re throwing that back in my face,” says Larry. “This morning you tell me that you can handle two-thirds/one-third and now it’s our fault the stock is down.”

“We advised half-and-half,” says Harvey. He is smiling but he’s alone in his office so no one can see that.

“Another thing,” says Larry. “Fucking-piece-of-shit antihack isn’t even really down, and they announced their secondary. How come they don’t ‘have a natural reaction?’”

“Investors may like the debt portion of their offer,” says Harvey. “We would have been happy to do a convertible for hackoff. We told you that.”

“Yeah,” says Larry. “You would have been happy with the commission, you mean. We don’t need to borrow the money. Look, I don’t have more time to spend on this call. Let me tell you what I expect: One: the fucking trading desk has to wake up. We need our market-maker to support us. I’ll be watching the trading and I expect support even if Barcourt has to risk some of its own money. Two: the guy you’ve got replacing Gustav as our senior banker for the roadshow sucks. We did a run-through with him and he apologized for being alive. No fucking way we’re going on the road with him. Get Gustav back or get someone better. Three: I’m gonna be watching how First Boston does supporting antihack. I expect you guys to do better. Should be easy; you’ve got a better product to sell. Harvey, you with me?”

“We’ll do the best we can,” says Harvey. “I have some ideas on someone else for senior banker; I’ll get back to you tonight — tomorrow latest.”

“Sam?” prompts Larry.

“Can’t predict the market,” says Sam. “I wish you guys luck.”

“So that’s why I called,” says Larry to Donna after Sam and Harvey hang up.

“You called because you can’t stand to see the stock go down,” says Donna. “I told you they wouldn’t promise to support it. Gutfreund didn’t even say he’ll try.”

“He’ll try,” says Larry. “He’s a good poker player and he has more balls than Maklin but he knows he fucked up or his guy fucked up and it was important that he know that I know. Just like when a player argues with the ump, right? That call isn’t going to be changed but maybe the ump gives the guy a break on the next call to make up for it. And I got them replace that pathetic kid they sent.”

“Whatever,” says Donna.

“You have a problem?” asks Larry. “You should be happy. I fought like hell for your shares. Everyone gave up something except you.”

“I thought we’d be in the shoe,” says Donna. “We were talking about initial allocation. Everyone knows that the shoe is on top of that. And you took the whole management part of the shoe.”

“Jesus,” says Larry. “How ungrateful can you be? I had to give up part of my initial allocation; I had to deal with Big-fucking-Router that now decides it’s a VC firm and, oh yeah — Joanne, who doesn’t think you’re worth 100K shares — and now YOU’RE giving me shit?”

“I’ve got to buy some clothes for the roadshow,” says Donna. “See you tomorrow.”

###

Email, February 3, 2000

From: Larry Lazard [mailto:larryl@hackoff.com]

Sent: Thursday, February 3, 2000 6:10 PM
To: Eve Gross
Subject: WSJ

Eve:

How come those assholes at antihack get their secondary listed first in the wsj article. It positions them like they're the leader in the field. We're the leader; we were public first; our market cap is a hell of a lot higher. Why do we get treated like second class shit?

From: Eve Gross [mailto:eveg@hackoff.com]
Sent: Thursday, February 3, 2000 6:15 PM
To: Larry Lazard
Subject: RE: WSJ

Lar:

I checked and these stories get to the wsj from the brokerage firms. Looks to me like First Boston did a better job than our friends at Barcourt in getting this positioned. Or maybe they just got to them 1st. I can call the reporter if you want but since the facts are right I don't see much to complain about.

Eve

From: Larry Lazard [mailto:larryl@hackoff.com]
Sent: Thursday, February 3, 2000 6:18 PM
To: Eve Gross
Subject: RE: WSJ

No, let it go. Its just one more fuckup by Barcourt. Couldn't be that antihack story got there 1st since we filed during the day and they didn't file until after the close.

But we're going to have to work hard at our positioning during the roadshow. Investors are going to have to decide how much hackoff to buy and how much antihack to buy and we want the decision to always go our way.

That's your job and Barcourt's not going to help at it.

From: Eve Gross [mailto:eveg@hackoff.com]
Sent: Thursday, February 3, 2000 6:22 PM
To: Larry Lazard
CC: Aaron Smyth
Subject: RE: WSJ

Lar:

It is a quiet period again with the prospectus filed. So I am going to need good guidance from you and Aaron on what we can and can't say and what kind of press releases we can put out.

I'm glad to do my part but want to set your expectations right that my hands are tied to some extent during this period.

Eve

From: Aaron Smyth [mailto:aaronsm@hackoff.com]
Sent: Thursday, February 3, 2000 6:32 PM
To: Eve Gross
CC: Larry Lazard
Subject: Privileged attorney-client communication

Eve:

You are correct that we are again in a quiet period and must be extremely careful not to make any announcement which the SEC could interpret as hyping our stock. They have been known to slow-roll the review of a prospectus when they think the company is frontrunning. They also could force us to postpone the offer even after the prospectus is approved if they think we are trying to promote the transaction in any way other than the prospectus.

Aaron

From: Larry Lazard [mailto:larryl@hackoff.com]
Sent: Thursday, February 3, 2000 6:45 PM
To: Aaron Smyth; Eve Gross; Frank Folger
Subject: RE: Privileged attorney-client communication

Of course we understand that we can't hype the stock. However, I assume that we are still allowed to make the kind of announcements that are critical to running the business (as opposed to the stock). For example we always announce major new customers if they let us. We do that for the business reason that one name customer attracts another.

So I assume, for example, if Frank Folger lights a fire under the salesman whos dicking around with the iHudson.com account and gets that closed and they give us permission then we could announce that in the ordinary course of business.

Frank, I really want that done regardless of secondary.

From: Aaron Smyth [mailto:aaronsm@hackoff.com]
Sent: Thursday, February 3, 2000 6:50 PM
To: Larry Lazard; Eve Gross; Frank Folger
Subject: RE: Privileged attorney-client communication

You are correct that we can make announcements in the ordinary course of business. However, I would be extremely careful. The SEC doesn't have to agree with our interpretation of the ordinary course of business. In fact, they don't even have to talk to us if they think we're frontrunning, they can just slow roll us and we may not even know why.

From: Frank Folger
Sent: Thursday, February 3, 2000 7:00 PM
To: Larry Lazard
Subject: RE: Privileged attorney-client communication

Boss:

Two things that would help us close iHudson.Com.

You know that the second biggest online bookseller in the world isn't going to give us equity so obviously this will be a cash deal. But cash is tight for them so aggressive pricing would really help. Are you approving that?

An extra spif for Oliver if he closes this should help. Remember that if we give them a low cash price this won't help him much

toward quota. If we want him to spend time on it, we're going to have to make sure he can make some money.

Frank

From: Larry Lazard
Sent: Thursday, February 3, 2000 7:15 PM
To: Frank Folger
Subject: iHudson.com

You mean if we give the product away and overpay the salesman, then maybe he can make a "sale"?

From: Harvey Maklin
Sent: Thursday, February 3, 2000 7:45 PM
To: Larry Lazard; Donna Langhorne
CC: Rachel Roth
Subject: Roadshow Team

Larry and Donna:

I have some news that I think you'll welcome. The senior banker accompanying you on the secondary roadshow will be Rachel Roth. You know her, of course, from your IPO. Since then she's been promoted recognizing her outstanding contribution to companies like hackoff.com.

Rachel is, of course, very familiar with hackoff already and will, I'm sure, do an excellent job on the roadshow team.

Accompanying Rachel and assisting her will be Jason Jamfus who has recently rejoined Barcourt after pausing to get his MBA at Columbia. I'm sure he'll be an excellent member of the team as well.

I hope to join you myself for some of the accounts in New York and possibly Philly.

Please let me know if there is anything else I can do.

Yours truly,

Harvey

###

Larry picks up his desk phone and dials Frank Folger's extension. When he gets voice mail, he hangs up, then dials Frank's mobile phone.

"Taking off early?" Larry asks Frank when he answers.

"No," says Frank. "Kid's got a hockey game tonight so I'm gonna watch. Always on the phone, though."

"You mean 'yes'," says Larry. "You're at a hockey game."

"What's up, boss?"

"iHudson.com," says Larry. "At least I want it to be up. I want to be able to announce it."

"I hear you," says Frank. "I sent you an email with some suggestions how we can close it."

"Yeah, I answered your email," says Larry. "You want to give the product away and pay the salesman extra for 'selling' it. If Oliver can't do the job, why don't you give the account to someone who can?"

"I have a lot of confidence in Oliver," says Frank. "He does well at the big accounts. They like him."

"He isn't closing shit, they like him so much."

"These are long sales-cycle accounts," says Frank. "That's why I'm suggesting we find a way to pay more to tide him over so he can make some money while he's waiting for the elephants to fall."

"He's not supposed to wait. When you hunt elephants, you shoot them. That's what makes them fall down. You don't just sit around and hope that they'll trip or something, then cut off their heads for your game room. "Look, I don't want to have a theoretical discussion about selling," says Larry. "I want to be able to announce closing iHudson.com. You should want this too. You're selling stock in the secondary. You want to sell at a high price or a low price? Not that we don't want the account anyway but this would be a very good time to announce it. *Capiche?*"

"I get it, boss," says Frank. "Believe me, I get it. I'll be all over Oliver like flies on shit. But we'll close faster if I can have some freedom on price. And it really would help to make Oliver whole on this."

"I'll give you some room on price; you get me an announcement," says Larry. "And tell Oliver if he doesn't get this for us we'll fire his lazy ass and he can go somewhere else and wait for elephants to fall."

"I think some positive incentive too would help," says Frank.

"Tell him if we get to make an announcement of iHudson.com this month — don't tie it to the secondary — we'll be thinking about that when we figure his options after the secondary."

"Salesmen care more about cash than options," says Frank.

"When they see how rich you get in the secondary, they'll learn about options," says Larry. "One other thing..."

"Yeah, boss."

“Don’t send email with ‘attorney-client privilege’ in the subject line unless there’s a lawyer in the address list. And don’t ever say anything in email about wanting to announce iHudson because of the secondary.”

“Right, boss.”

“Good luck with the hockey,” says Larry. “Bring me an elephant.”

#

The waiting room at Semper Investments in Boston hasn’t changed. In winter, heavier coats and some hats are on the racks by the elevator. The supplicant roadshow teams still mill around uncomfortably in the big waiting room where there aren’t enough seats, trying to avoid contact with each other and waiting for their assigned numbers to appear in red lights on the board.

One change is that half the teams have abandoned their pitch books. Instead, the technically comfortable teams are making their PowerPoint presentations directly on laptops. The hackoff team is technically advanced; their junior banker, Jason Jamfus, carries Larry’s laptop as they wait for their appointment with Tom Chen.

When their number lights up, the salesman leads them towards the appointed room. In the hall going the other way, they pass the team from antihack.

“Good afternoon, Larry,” says antihack CEO George Wrobly. “Tommy and John Signal are in rare form today.” He stretches out his hand to shake.

“Fuck you, George,” says Larry without breaking stride and with a perfect simulation of a smile someone else might have used to say “Good afternoon.” He ignores George’s hand. The bankers nod to each other, and Donna shakes hands with the antihack CFO. Everyone keeps walking.

Tom Chen is alone in the small conference room.

“Is John Signal going to join us?” the salesman asks while Jason looks for power for the laptop and sets it up for Larry. “He told me he might be here. I think he has a pretty good hackoff position in his fund.”

“I don’t know,” says Tom Chen. “Haven’t seen him today. One of the analysts may be coming down, though. We’ll give them a couple of minutes. I’m mad at you guys,” Chen says to Larry.

“Why?” asks Larry. “We’re up eight x since you bought us.”

“Our rules require that the bankers leave,” says Tom Chen.

“I’m ... uh ... just setting up the pickle,” says Jason. “Then I’ll be out of here in a flash.”

The “pickle” is a pickle-shaped piece of plastic with buttons that communicates by infrared with a device plugged into the serial port of the laptop. It enables the presenter to advance slides on the computer without having to be able to reach keyboard or mouse. It only works sometimes.

“I can do the pickle,” says Larry.

The bankers and the Barcourt salesman leave.

“Why are you angry with us, Tom?” asks Donna with an ingratiatingly humble smile.

“The stock crashed when you announced the secondary,” says Tom Chen. “You cost me a bundle; you’re not helping this quarter at all.”

“But all stocks fall when the company announces a secondary,” objects Larry gently.

“Antihack has hardly fallen at all,” says Tom Chen. “I think you guys got greedy. I think you could have waited. You said you had enough cash for the company.”

“Well,” says Larry, “the bankers felt it was the right time to go. This is hardly dilutive to you guys who were in at the IPO. If we closed today, new investors would come in at eight times what you paid. The stock that’s coming from the selling stockholders — particularly that coming from the VCs — would have come out eventually anyway. And the company isn’t selling that much, so there is less dilution than there would be if the company were selling more shares.”

“You’re now down to 7 1/2 times the IPO price,” says Chen looking at his pager. “And we acquired some position after the IPO. Let’s get going; doesn’t look like anyone else is coming to the pitch and I don’t have a lot of time.”

Larry hasn’t been able to get the pickle to work while trying to keep up his end of the debate with Tom Chen. He sticks it in his pocket and seats himself so he can use the keyboard to advance the slides.

“You see these okay?” he asks Tom Chen.

Outside the conference room window, snow is starting to fall.

“Go,” says Chen.

#



#

“You may remember this slide from our first roadshow,” says Larry.

“What is it?” asks Tom Chen.

“Well,” says Larry, forcing his strong speaking voice against Chen’s impassive hostility, “this was the slide we used to show hackoff’s status at the time of the IPO.”

“Why’s everything crossed out?” asks Tom Chen. “It’s hard to read.”

“The bankers gave it the prize for the ugliest slide they’d ever seen,” Donna interjects.

“It is ugly,” says Larry, glaring at Donna. “But I think it makes a point and that’s why I made it. It shows the progress we’ve made in the three quarters that have passed since the IPO. We’ve almost doubled the number of licenses we’ve sold. Being a public company has probably helped sales, actually.”

He pauses briefly, then goes on when there is no response. “There’s been a huge increase in the value of our portfolio — more than three x. At the end of the fourth quarter it was worth more than 250 million dollars.”

“What’s it worth now?” Tom Chen asks Donna.

“Just a little more than that, we think,” she says. “We don’t value it daily and the market has slowed down a little, as you know.”

“I wouldn’t be surprised if it’s down,” says Chen. “I hold some of those positions myself. The market is nervous that hackoff’ll dump some of those positions and drop them further.”

“Then you should like the secondary,” says Larry reasserting control. “Extra cash for the company means we can hold the portfolio positions longer and that’s good for the whole market.”

“How do you value the companies that haven’t come public yet?” Chen asks Donna.

“We don’t value them ourselves,” she says. “John Braxton at Barcourt does. He assigns them a value based on what he thinks their IPO price’ll be. Since there’s always a pop on going public, we think that’s conservative and—”

“Assuming they do IPOs,” Chen interrupts.

“Right,” says Larry. “We’ve also made the traditional kind of progress. In fact, our revenue run rate for the fourth quarter is almost twice what it was when we saw you last time.”

“How much of that is cash revenue?”

“A little under a third of our revenue is cash, the rest equity,” Donna answers. “You asked that question last time we were here, if I remember correctly. At that point we were just over fifty percent equity and I said we were aiming to get the equity portion up to ninety percent. We’ve made progress on that, too, as you can see.”

“You’re not taking in much cash,” says Tom Chen. “Antihack was just in here. They are bringing in more actual cash revenue.”

“They don’t have any equity portfolio,” says Larry. “No one would give them equity for the crap they’re selling. They—”

“THEY say that no one will give you cash for your product,” says Chen.

“Look,” says Larry. “The only good thing I can say about them is that they know that security is a good market. They copy everything we do and still can’t get it right.”

“They haven’t copied you in accepting equity,” says Tom Chen.

“As I said,” Larry smiles tightly, “they can’t quite get it right. They don’t get the product right either. And, if you look at the fourth bullet on our slide, they aren’t going to be able to deliver what we deliver because we have patents — two new ones issued this year — on the technology our customers need.”

Tom Chen is impassive.

“If they’re doing so well,” Larry goes on “why do you think they have to raise debt as well as equity? They have to do that because they don’t have a portfolio the way we do and they can’t finance their business on the cash they’re bringing in.”

“I don’t like the debt part of their offer,” Tom Chen concedes.

He is largely silent as Larry proceeds through the rest of his presentation and as Donna presents the numbers at the end.

“Tom, we’d like your support for our offer,” says Donna as she wraps up. “I think one element of cash you might want to look at is the cash we’re generating from our equity positions without even trying. We brought in ten mil just last quarter when AOL bought one of our portfolio companies. I can’t give you the number for this quarter but I’d be surprised if it isn’t higher.”

“We already have a big position in hackoff,” says Tom Chen. “Maybe we should lighten up some.”

“I hear you already HAVE lightened up a little,” says Donna. “I know you’re smart. I think you took some profit in the highs before we announced the secondary, maybe you even helped to bring the stock down some but we don’t hold that against you, and now I think you’ll continue to be smart and buy back even more at the lower price.”

Tom Chen smiles for the first time in this meeting. “John Signal asked me to ask you if you have any announcements coming.”

Donna starts to answer but Larry interrupts. “I can’t be specific,” he says, “but big online booksellers are very security-conscious; they have to be with the volume of dollars and credit card transactions they do. And hackers’ve been targeting them.”

“Amazon?” asks Tom Chen.

“Well,” says Larry, “usually we find that we get the number two or three in a category signed up first. Then, after we announce that, it seems we have a better shot at number one.”

“iHudson.com,” says Chen. “They’re running short of cash.”

“As I said, I can’t be specific,” says Larry.

Tom Chen stands to signal the end of the show.

Donna rises with him. “Tom, we’ve done well for you up to now.”

“Except for announcing the secondary.”

“I know you figured out we’d do that,” says Donna. “You’re too smart not to. You’re just giving us a hard time. Fair enough. We’d like your support in the secondary. Your support’ll make us that much stronger and that’ll help your

portfolio as well. We're in this together. And we'll do well for you going forward, I promise."

"I'll look at it," says Tom Chen. "Now I've really got to go."

"Tom, thanks for your time," says Larry. "You ask hard questions, but that's what Donna and I like. We spend so much time pitching to bozos who have no idea what we're talking about or even what THEY'RE talking about. I was looking forward to seeing you, and you haven't disappointed us."

"I'll look at it," says Tom Chen and shakes hands with reasonable warmth, especially Donna's.

Wet, heavy snow is falling in thick grey globs and sticking to the streets. The limo is not outside the door but, reached by cell phone, the bankers say that they are orbiting and should be outside the front door in ten minutes. Larry and Donna wait in the muddy lobby. Larry dials a robot on his cell phone to get the closing prices of stocks he follows. He smiles, then frowns.

"Well, we're back up," he says. "Chen had me worried when he said we were at only 7 1/2 times the IPO. We did dip during the day; probably those fucking Barcourt guys asleep at the trading desk again. But we recovered and closed up two and 9/16 in a weak market. But fucking antihack is up three. Can you believe that?"

"You're watching it too closely," says Donna. "Nothing we can do about the stock price now."

"We can get that iHudson announcement out. We can beat the shit out of Barcourt to do their job as market-makers and not let the stock keep getting derailed by accidents. And we gotta do these pitches right. You know after we see someone like Chen who's already got a huge position, we fuck up the pitch, they could dump it. They're not gonna buy now when they know they can buy in the secondary but they sure as hell can sell. I was worried, but you pulled that one out. Good job."

"Thanks," she says, "but I wouldn't count on anything yet. Chen's very nervous."

"How do you know?"

"His foot jiggles all the time. It didn't used to do that," she says.

"Maybe he's just horny. Maybe that's why he liked you."

"No. He's gay."

"How do you know?"

"Trust me. I don't think he's just nervous about us. He doesn't seem to have the overall confidence he had before and he seemed distracted. Maybe he's worried about his whole portfolio. Those guys live and die by their quarterly performance. He's been living pretty high but he's got a huge amount of money to manage. Hard to see how he can keep getting the returns he's been but that's what investors expect. That's probably why he'll buy in the secondary, though."

"Why? He won't get that high a return from the secondary."

"If he doesn't buy, everybody'll know. We're a sizable position for him even though we're a miniscule part of his whole portfolio. So, if he doesn't buy, we tank. Then he's got a loss he has to make up for somewhere else. Moreover,

if we start to sell portfolio stocks — he was pretty plain about this — then they go down as well. You know how you used to say we're 'e-com squared' or 'cubed' or something? Now maybe we're a threat squared because not only can our stock go down, but we can hurt all the stocks in our portfolio and they're in his portfolio too."

"That's not bad," says Larry. "I don't mind being a threat squared, so long as he buys. Anyway, you did a good job turning him around. The more I pitched him the more hostile he got. How did you work your charm if he's gay?"

"Doesn't stop him from being an egotistical little boy who needs to get told how smart he is," says Donna. She isn't smiling.

"Why do you think he lied to us about John Signal? Said he hadn't seen him all morning. But Wrobly said he was in the antihack meeting."

"Who knows?" answers Donna.

"Something bothering you?" asks Larry.

"I'll be glad when we have the secondary sold," says Donna. "At least we get to spend tonight at home. I'm looking forward to that."

The limo arrives but the bankers have bad news. The snow has closed Logan airport at least temporarily and they are not sure it'll reopen this evening. The private jet that's supposed to take them to New York for the next day's meetings can't get into Boston and there's a backlog of planes on the ground around the country waiting for clearance in. Their first meeting is a breakfast at the Jockey Club in New York so they can't take a chance on waiting for morning.

Larry suggests the train, but they've checked that. There are no reservations available. They could get on an unreserved coach train to New York but those are running very late because of some frozen switches and are probably very crowded, maybe standing room only. Also the storm — a Nor'easter — is blanketing the Rhode Island and Connecticut coasts and may disrupt the trains even more.

"Okay," says Larry. "Let's take the limo down to New York."

The black stretch limo they're in has stripes and dots of colored mood lighting in its interior. Now that it's dark, the garishness of the lighting is more apparent. The driver is separated from them by a smoked glass window. Larry lowers it and says: "Hi. We need to go to New York instead of Logan. No planes there. Any problem?"

"Can't do that," says the driver. He has a broad Boston accent.

"Why?"

"We just do local jobs. Never been West of Framingham in my life."

"Well, I know the way," says Larry. "No problem."

"Look, sir, I cuhnt take you down theah. That's not what we do," his accent grows broader.

"Try your office," says Larry. "Maybe they have someone else who can take us down."

The driver tells Larry, again, that they don't do long trips but does try to call. He can't get a dial tone on his cell phone. Larry has intermittent dial tone but gets a fast busy when he tries the number the driver tells him to call.

“Whole city is fucked up,” says Larry. “Everybody’s trying to call at the same time to say they’re gonna be late getting home or change their reservations or something. Look, let’s try this.” He hands the driver two 100 dollar bills. “You can say we hijacked you or something. Don’t worry, my banker friends’ll make everything okay with your boss. There’s two more of those for you when you get us to New York. And a hotel room at the W, too.”

“Don’t wanna stay at no W,” says the driver, but he folds the bills and puts them in his shirt pocket. “They got queahs theah.”

“They got what? says Larry.

“Queahs, queahs always stay at Ws.”

“Queahs? Oh, you mean ‘queers’ — gay people,” says Larry amused. “Do you mean Versace? Elton John? Who d’you mean?”

“Who? I don’t know those guys. Just queahs.”

“He thinks it’s the ‘Y’,” says Donna angrily to Larry. “This is a fucking nightmare. At least I thought we were going to get home tonight.”

Larry laughs. “Don’t worry,” he tells the driver. “We won’t put you with any queers. This is the ‘W’, not the YMCA. You just get us there and we’ll keep you safe.”

“W’... ‘Y’ — same thing,” says the driver. “Okay, first we gotta get outta this city. Looks like the ramps to the Turnpike down here’re blocked.”

A few minutes later they’re in the Sumner Tunnel headed for Logan airport.

“He’s taking us to Logan,” Donna hisses to Larry. “He’s just gonna dump us there to get rid of us. We’re gonna end up spending the night at the airport.”

Larry rolls the window down again. “Why are we going to Logan? It’s closed.”

“I know,” says the driver smiling. “That makes it the best way outta town. Trust me.”

“Trust him,” Larry tells Donna.

She turns angrily away and stares out the window at the grimy yellow tunnel walls. They are the only car in the tube.

When they arrive at the airport end of the tunnel, they snake through local streets on the periphery of the airport where snow-covered planes stand like ghosts of themselves and the rotating beacon lights only the underside of the falling snow. In a few minutes they are in a much newer tunnel.

The driver rolls down the window. “Ted Williams Tunnel,” he tells Larry. “Leads right onto the Turnpike.”

And it does. In a few minutes they are on the almost empty Mass Turnpike Extension in a canyon sunk below the old streets of Boston. Few cars can join them because most of the ramps are blocked by cars and even semis that have slipped on the greasy snow. The Turnpike, itself, is being sanded and salted by a fleet of trucks and they can and do easily make fifty on it.

“Okay,” says Larry. “We’re going to New York. Nothing stops hackoff. Bet the antihack guys are stuck and going nowhere.”

“Good job, Larry,” says Rachel Roth. The bankers have been very quiet during the commandeering of the limo. “It will be nice to get home tonight.”

“You’re welcome,” says Larry.

“How did things go at Semper?” asks Rachel. “We haven’t heard anything from the salesman, but that’s probably just because of the weather.”

“Tommy Chen was hard on us,” says Larry. “But Donna cheered him up. I think we’ll be okay.”

“Good work, Donna,” says Rachel.

“Yeah,” is all Donna says. Then: “Larry, these mood lights are obnoxious. Can you get your friend to turn them off, please?”

At the moment, everyone is purple. By the time Larry has the window rolled down to the driver, they are red. The driver is sorry but he doesn’t have a switch up front for them, maybe there’s something in back. Do they want him to pull over so he can look for it? Larry says they don’t; he’ll look himself. They play musical chairs as Larry searches the back of the limo. He finds some warm soda; a package of condoms (opened); controls for the heat; controls for the radio; a switch that turns on white lights; but nothing for the mood lights.

“Skip it,” Donna says. They are all blue now.

There is a long bench seat down the left side of the limo. A smaller bench seat goes across the back and the door on the right side opens just forward of that. There’s a bar with dusty glasses and the warm soda. In front of that and behind the driver’s window is a single seat. Larry and Jason are sitting on the side seat. Donna is nearest the door on the back seat. Rachel is as far from her as it is possible to be on the other side of the back seat and kitty-corner from Larry.

“When do you think we’ll be in New York?” asks Rachel.

“Depends on the roads,” says Larry. “Probably after midnight at this rate. I’m going to have the driver stay away from the Coast. In this weather, there’s usually less snow inland.”

“Are you interested in meteorology, Larry?” Rachel asks.

“No,” says Larry. “I’m interested in mushrooms but they grow in weather.”

“Mushrooms?” asks Rachel. “I didn’t know about that.”

They make small talk for a while. Larry’s mushroom hobby and some recent mushroom hunts he’s been on. Rachel’s relationship with Ahmed. They still live together. Ahmed met her parents and it went okay. Sort of. She still hasn’t met Ahmed’s parents. He still isn’t very romantic. He has a good new job, though. He is New York liaison for a Palestinian group helping to outsource jobs to Palestinians in what he calls the ‘occupied territories’ — not that he’s very political.

“What was Davos like?” Rachel asks.

“If there was such a thing as an establishment, this would be it,” says Larry. He tells her about all the famous people who were there and about the demonstrators who suddenly disappeared.

Jason is working on his computer in the dim and shifting light. Donna is silent. Eventually the silence spreads.

“I’m gonna try to sleep some,” announces Larry. He tells the driver to take Route 84 towards Hartford — it’s either south or west, he’s not sure which

— at Sturbridge. Then stay on 84 through Hartford. Make sure to wake him, Larry, up when they cross the New York border for more directions. Larry'd be glad to drive if the driver is getting sleepy.

The driver explains that he can't let Larry drive because he doesn't have a limo license, but he's fine, used to working double shifts, and this is easier than Boston traffic. Larry congratulates the driver on being west of Framingham for the first time and asks Jason to take the single seat so he can stretch out. Jason is glad to.

"Before you go to sleep, Larry," says Rachel, "let's find out how many people want hotel rooms in New York besides the driver. Larry, you already have a reservation at the 'W' so I assume you don't want to go back to Atlantic Highlands?"

"Louise is away," says Larry. "Yeah, I'll stick with the 'W'. Protect the driver from the 'queahs'."

"Donna?" asks Rachel when Donna doesn't say anything.

"I'm sleeping at home," says Donna.

Turns out portions of Route 684 around Golden Bridge, New York are closed because of flooding. Larry, waking from a deep sleep when the limo stops at the police roadblock on 684, realizes that he is in a part of the world that he visited intensely many years ago during a short-lived romance with a distant relative of the Rockefellers whose estates still dominate the tops of the rolling hills. Half-awake and half-asleep, he fashions a bypass with only or two back-trackings on the dark, wet two lane highways of the region. Still, it is very late — close to 2:00 AM — when the limo enters upper Manhattan.

The apartment Rachel shares with Ahmed is in Morningside Heights so dropping her off is the first stop.

"Ahmed coming down to let you in?" asks Larry. "Don't want to just drop you on the curb this time of night."

"No problem," says Jason. "I'll get out here, too, and see her in. Easy enough for me to take the subway to Brooklyn then."

"You sure?" asks Larry. "We could easily get you a cab from the 'W'. It's a long subway ride this time of night."

"No problem," insists Jason.

He and Rachel get out. Larry has the limo wait long enough to see them both go in, then instructs the driver on heading downtown towards Donna's brownstone on 95th Street.

Once the car is under way again, Larry moves to the back seat next to Donna. "You think they're fucking?" he asks. "Maybe Ahmed the Arab isn't even home."

"Don't care," says Donna. "But if you looked somewhere besides at her ass you would've seen that a light went on upstairs just as they were going in the downstairs door."

"Is Francis home?" asks Larry.

"Doesn't matter," says Donna.

"What do you mean," says Larry. "Doesn't matter to whom?"

"Doesn't matter to whether I'm going home tonight. I am."

“Well, I was thinking that ... if Francis isn’t home ... I do have the room at the ‘W’...”

No answer from Donna.

Larry continues: “It’s sort of a tradition with us that we relive our youth after we pitch Tommy Chen at Semper. I mean...”

“Forget it,” says Donna. “I’m going home.”

When the car reaches Donna’s brownstone, it double-parks, blocking the narrow street and Larry gets out with Donna. She has her key out and opens the first door swiftly but fumbles for a minute with the key to the second. Meanwhile, a cab honks raucously to move the limo out of its path.

“Go ahead,” says Donna. “Your ride’s leaving.”

“He’ll just circle,” says Larry. “I’ll make sure you’re in safe.”

“You’re very gallant tonight,” says Donna, “making sure all the little girls get home safe. If you want to get laid, I suggest you go back to Atlantic Highlands.” She manages to open the second door; lights come on but no husband appears.

“Louise is away,” says Larry. “See you at the Jockey Club in the morning.”

“So, look, this is the ‘W,’” says Larry to the driver, when they arrive at the front doors. “We’ll get you checked in somewhere safe from the ‘queahs’. Maybe the doorman’ll know where you can park the limo.”

“I’m gonna drive back to Boston,” says the driver. “Got a job tomorrow afternoon I don’t wanna miss.”

“You sure?” asks Larry. “Drive all the way back? You gotta be exhausted.”

“Like I said, I’m used to it,” says the driver, “and the weather’s cleahed up.” The sky has been washed clean and cold stars are visible in midtown Manhattan.

“Good luck,” says Larry. He gives the driver the extra 200 dollars he’d promised plus another 100 as a tip.

When Larry goes to the desk to check in, the woman at the desk tells him that someone has already checked in for his room and is in it. Of course, for security reasons, she can’t tell him who that is or give him the room number. Larry complains loudly enough to draw both a security guard and the night manager who does consent to have Larry call the room although without revealing the room number. Security looks like he would just as soon arrest him.

“Hello,” says a sleepy-sounding Louise.

“Louise? Aren’t you at your mother’s?”

“Obviously not,” says Louise.

“Is something wrong?”

“No. I wanted to surprise you,” says Louise. “I didn’t want you to come home to Atlantic Highlands when you have to be in New York so early in the morning so I made up the story about going to my mothers and came here to surprise you instead. Of course, I did think you were going to get back a little

earlier than this but the Barcourt travel office kept me informed about the weather and everything...”

“How about letting me come up? What room are you in?”

She gives them the room number but ‘W’ security insists both on verifying with her and checking his ID before letting him go up. “I’m sorry, sir, but we have to be very careful these days.”

Louise is in a new negligee. “I was hoping to have you to myself for a little longer,” she says. “What time do you have to get up?”

“Got to be at the Jockey Club at 8:15 for an 8:30 breakfast,” says Larry. “So up at seven. Hey, that’s a whole four hours from now.”

“Maybe we better just sleep,” says Louise. “Snuggle me.”

“How did you manage to check into my hotel room?” asks Larry. “How come all that security didn’t stop you from checking in?”

“Barcourt arranged everything. The hotel knew I was coming. I called that nice banker lady, Rachel. She thought it was very romantic — of course, we’re probably old enough to be her parents. Anyway, she put me in touch with the travel people there and they arranged everything.”

“Yeah, everything except letting me in,” says Larry. “Did Donna know about this?”

“Yeah, I originally called her to see if she and Francis wanted to join us for a late dinner so he and I could listen wide-eyed and open-mouthed to how well the two of you did in Boston. But he’s out of town and she said she just wanted to get home and collapse in her own bed for a night. Why?”

“Nothing,” says Larry. “She was acting a little strange. Maybe just that she knew your secret.”

“How’s your secret?” asks Louise cupping his limp genitals under the blanket.

“Thanks for surprising me,” says Larry as he touches her clitoris lightly with the side of his thumb. “How’re your secrets?”

On the way back to Boston, the driver calls his cousin’s husband: “Okay,” he says, “I heahed a lot about a company called — get this — hackoff.com. Maybe Semper’s gonna buy some more of their stock and maybe they ain’t but this company’s got some problems. The CFO’s a broad and the CEO’s trying to fuck her, for one. I figuh you’ll know what to do.”

###

On March 9, 2000 the NASDAQ reaches its all time high and closes above 5000 for the first time ever. The close above 5000 makes a little news but all time highs are now routine. NASDAQ set a new high three trading days before and the day before that and the day before that. On March 10, NASDAQ trades above 5000 all day and makes another (yawn) all-time high.

On Monday, March 13, the NASDAQ is down more than 100 points although it shows some strength late in the day On March 14, the NASDAQ closes back down below 4800.

“A needed correction,” the analysts say, “after such a long run-up.” It is generally agreed that this is a buying opportunity as the market “consolidates its gains”.

Hackoff.com stock is down with the market, and on March 15 closes at 110 3/16 while the NASDAQ itself descends though 4600. Larry complains about how much less money the company and he and Louise will raise in the secondary, but is reasonably sanguine as he notes that antihack is down about the same percentage as hackoff.

By March 23, the NASDAQ has, as everyone knew it would, recovered to near the 5000 level. Predictions for when it will go through 6000 are fashionable and range from one to ten months. Only the most dour pessimists think it will take a full ten months to get to the next milestone. By March 23, antihack is also trading near its all time highs again. But hackoff.com closes below 100 for the first time since it climbed through the century mark on January 11. It is now off more than thirty-five percent from its high.

“Y’all’s stock is behavin’ like a whipped puppy,” says the man whose Stetson is hanging from the back of his office door. It’s 3:00 PM in Fort Worth and the market has just closed in New York. He shows Larry and Donna the closing quote on the big screen on his desk.

“It trails the market, some,” says Larry. “Its strength is the great portfolio we’ve got, so people overreact a little when NASDAQ is down and it takes a few days for them to get their confidence back. This is a great buying opportunity and the secondary makes it even better; you can pick up a sizable position without moving the price up. Once NASDAQ is clearly on its feet, the stock’s gonna be happier than a hound dog with two pricks, trust me.”

“How is y’all’s bizness doin’? You gonna show an operatin’ profit this quarter?”

“I’m glad you asked that,” says Larry. “Everyone asks us about the stock price and forgets about the business. We’re doing fine. Got some real good stuff in the pipeline, too. And we’ve been making some money when portfolio companies get acquired even though we haven’t actively been selling.”

“But what about operatin’ profits? Y’all gonna have some?”

“That’s what they say,” says Donna. “Analysts are predicting that hackoff will start being profitable this quarter.”

“They’re sayin’ y’all are goin’ to have an operatin’ profit this quarter; not just a profit from sellin’ some stock?”

“That’s right,” says Donna. “That’s the guidance. Of course, we can’t comment on that.”

“Course not, ‘course not,” says the man. On his coffee table, there is a genuine Remington of a mountain lion sinking its teeth into the shoulder of a stag. Horns from another stag are above the door on which the Stetson hangs. The coat hook is a brass replica of deer horns. “But, are y’all ‘comfortable’ with what the analysts say about your profits? I mean your operatin’ profits, not what y’all make sellin’ stock.”

Donna hesitates and the man looks less sleepy.

“We talk to them all the time,” says Larry. “We’re always talking to the analysts. They have a good handle on what we’re doing.”

“So they should know what their talkin’ about when they say y’all are gonna have an operatin’ profit?”

“They should,” says Larry.

“Ma’am, is there something you’re uncomfortable with?” the man asks Donna.

“I’m very comfortable,” says Donna and smiles full dimple. “Great office you’ve got. Lots of horns. Did you kill some of them yourself?”

“Sure did,” he says. “You comfortable with those analyst numbers?”

“I’m the one who talks to the analysts,” says Donna.

“But are you comfortable with what they say?”

“Shaw am,” says Donna promptly. “I am.”

“Okay. So long as we understand each other,” the man says. “Now why don’t y’all show me those slides you got?”

“He’s not as dumb as he looks,” Larry says to Donna afterwards.

“No,” says Donna, “but at least he didn’t say anything about a dog with two pricks or whatever that was. Where did you get that?”

“I don’t know,” says Larry. “Someone from West Virginia said it, I think. Just wanted to talk to him in a language he’d understand.”

“Sounded pretty dumb coming from you.”

“Your hesitation didn’t help,” says Larry. “This may be Texas but he picked that up in a New York minute. What are you nervous about? You know we’re going to have a profit this quarter.”

“I AM nervous,” says Donna. “We SHOULD have an operating profit. We sure as hell guided the analysts that way and I wouldn’t have done that if I didn’t think it was a slam dunk. But the sales figures didn’t look great in February. We’re still on track but the numbers are soft. Are you ‘shaw’ we’re gonna have an operatin’ profit?”

“Let’s get ‘shaw’,” says Larry. “I’ll have Marcele set up a call with Frank for us tonight.”

#

Larry and Donna are in Larry’s room at the Four Seasons in Houston which is where they will be pitching tomorrow. They’ve just connected with Sales VP Frank Folger on the conference phone.

“Where are you guys?” asks Frank.

“Fucking Houston,” says Larry.

“How’s it going?” ask Frank.

“How do you think it’s going with the stock down thirty percent?” says Larry. “What’re you doing to help?”

“I’ve got some good news for you, boss.”

“I can use it. What?”

“Got the iHudson deal.”

“They signed? Great!”

“They’ll sign tomorrow; I’m sure of it.”

“It’s not signed until it’s signed. What kind of bullshit is this?”

“They’ll sign tomorrow, trust me,” says Frank. “I’m playing golf with the CEO tomorrow afternoon. It’s in the bag.”

“Okay,” says Larry. “That’s good, if it really is. Is Eve working on the press release?”

“There’s a little problem there...”

“What? What little problem? The whole point is to get the press release out and get the stock back up before we price this fucking secondary. I told you that.”

“They haven’t given us clearance on the release,” says Frank. “They’re sensitive about that, so they took the standard PR permission out of the contract.”

“Get it back in.”

“I don’t think we want to do that, boss. It’ll slow things down. We don’t want this going back to the lawyers; we want it signed by the time the CEO and me tee off. Otherwise it can get delayed forever.”

“Jesus Christ. Okay, sign the fucking contract, but be sure you get permission from the CEO before you finish your round of golf.”

“I’m on it, boss. Marcele said you and Donna want a sales update. I emailed you some numbers. Did you get them?”

“I’ve got them,” says Donna. “They don’t look very good. You’re not going to make your quota this quarter.”

“Well, I’m being conservative but things are soft...”

“Why?” asks Larry. “What changed? You said you were being conservative when you gave us the original numbers for the quarter.”

“You were pushing for profitability,” says Frank. “You were pushing us to stretch.”

“You committed to those numbers, Frank,” says Larry. “You looked me in the eye and you said you were going to make them. Now you’re telling me you’re not. What the fuck is going on?”

“Deals aren’t closing when we think they will,” says Frank. “And the iHudson deal took a lot of work, but there isn’t much money in it. You wanted us to do that one.”

“Don’t throw iHudson back in my face,” says Larry, “because you guys couldn’t close it without practically giving the license away. What kind of deals aren’t closing? Is it all salespeople? Some salespeople? All segments?”

“Well, I really haven’t had time...”

“It looks like we’re way below forecast on small equity deals,” says Donna. “We’re not doing bad with the cash deals with the porno sites. The late stage equity deals look okay. But we have way less small deals than we thought we would.”

“It does look like that,” says Frank, “if you look at it that way.”

“Why?” asks Larry.

“Let me talk to some of the sales people and get back to you on that, boss.”

“I don’t have time for that bullshit,” says Larry. “It’s your job to be talking to the salespeople. It’s your job to look at the numbers and know if there’s anything fucking wrong and to figure out what and fix it. Donna shouldn’t have to figure out where the problem is. Fucking THINK. What’ve the salespeople been telling you? What are their excuses?”

“Well, accounting has been turning down more of our equity deals,” says Frank. “I can’t get them through Donna’s people.”

“They turn them down when they don’t meet our rules,” says Donna. “That’s nothing new. You’ve been sending us more crap lately and we’ve been sending it back. You’ve been sending us equity deals from companies that haven’t raised even first round financing yet. Is that what you’re talking about?”

“I think so,” says Frank. “It seems like financing has sort of slowed down. A lot of prospects we thought would’ve closed their financing by now haven’t. But we know they will, so we’ve been trying to get the deals approved...”

“You don’t know they will,” says Donna. “That’s bullshit. You don’t know why they aren’t closing their financing and you don’t know that they ever will. That’s why we turn down those deals. There just a bullshit way for salesmen to get paid without making a real sale.”

“Well, that’s what’s hurting us,” says Frank. “We can’t book sales if accounting won’t approve the contracts and we can’t make these companies close their financing any faster than they are.”

“So now you understand why you aren’t making your numbers,” says Donna in a dangerously low voice. “Now you understand, and it’s all Accounting’s fault. Ten minutes ago you didn’t have the slightest fucking idea what was wrong and now—”

“Okay,” says Larry. “Now we know something. We know we’re not closing the small equity deals and we know — or Frank thinks he knows — that it’s because the new companies aren’t completing their financing as fast as they thought they would. And we know this could mean that we don’t meet our fucking numbers for the quarter. And we know we have to meet or exceed the numbers. No fucking question about that. Not this quarter. So what the fuck are we gonna do about it?”

“I have three ideas, boss, if you want to listen to them,” says Frank.

“That’s amazing in a guy who didn’t even know he was in trouble until we asked,” says Donna.

“Let him talk,” says Larry. “Go ahead, Frank.”

“One: seeing this quarter is so important, we could add a kicker to everyone’s comp in sales to make sure they focus and bring stuff home...”

“Forget that,” says Larry. “What’re your other two ideas?”

“I’ll get back to you on that one, boss,” says Frank. “Anyway, another thing we can do is loosen up on the criteria for approving these sales. If we take a chance on the guys who haven’t closed their first rounds yet, if we cut them

some slack, they'll be very grateful and we'll get the sale. They can't buy from antihack before they get their financing because they have no cash or credit..."

"We're not going to do that," says Donna. "We have those rules for a reason."

"I don't see why," says Frank. "Suppose just for the sake of argument that some of them don't get financing. It's not like we're out anything. Another copy of the software doesn't cost us anything. And when they do get financing, we're in like Flynn. I always thought this was a stupid rule. I..."

"What's your third idea, Frank?" asks Larry.

"We're doing good on the cash deals and the bigger equity deals. We could do even better if we didn't bargain so hard."

"We don't lose any deals on price," says Larry.

"No, we don't," says Frank. "But price slows them down. Our prospects hold out, thinking we'll cave. We don't, and usually they sign if antihack doesn't get to them, but it costs us time. If we offer 'em an incentive to close before the end of the quarter, then we can get some of the good stuff out of the pipeline in time to help us."

Donna is making a time-out signal. She mutes the phone. "Don't agree to anything, Lar," she says. "We've got to talk."

"Frank, do you have any other ideas?" asks Larry.

"I really think we should revisit a special incentive for sales..."

"Do you have any other ideas?"

"Not right at the moment. What do you want me to do?"

"This sucks, Frank. Donna and I gotta talk it over. We'll get back to you. And don't forget to get permission for the fucking press release from iHudson."

"You got it, boss."

"Jesus Christ," says Larry after he hangs up the phone, "I don't believe it. We're stuck managing to quarterly results. How many case studies did we look at in B-School like this? Management optimizes for the quarter and loses the company. This sucks."

"We wouldn't be here if you hadn't told the analysts to expect an operating profit this quarter," says Donna. "No one cared if it was this quarter or next quarter or even the quarter after that."

"You gave them that guidance, not me," says Larry. "You're the one that talked to Braxton."

"This is bullshit, Larry; you know you told me to make the guidance specific. You would have opened the window and shouted it out if I didn't tell Braxton that."

"Well, look, you didn't put up much of a fight. You want this secondary to price high every bit as much as I do, maybe more."

"Yeah," says Donna. "I do need this to succeed more than you do. I'm only selling 100 thousand shares not 320 thousand. I'm locked out of the shoe. You're the one getting the big bucks even at today's price."

"Right," says Larry. "You're only going to make ten million bucks. I'm so sorry you're getting stiffed. Now do you want to stop whining and figure out what we tell Frank to do about the quarter or do we just let him figure it out

himself? Maybe we just don't worry about the quarter until it's over. The secondary'll be priced by then."

"It's too late not to worry about the quarter," says Donna. "We have Frank's email."

"So?"

"I mean if we sell this secondary based on guidance that we're going to have an operating profit this quarter — guidance that you and I have been saying we're comfortable with — and then we DON'T have an operating profit, after the stock tanks the investors line up to sue us. I know how it works; my husband's in the business. But usually management doesn't make it as easy for the plaintiff's lawyers as we're about to. So the question is: What did we know when? If we were just stupid, if we had no possible way to know, if we were affected by a war or a plague or something, then maybe we get away with a settlement that's not too bad. The lawyers get some money but the plaintiffs get coupons or something. But we're in it deep.

"The first thing that happens once the suit is filed is all the email gets subpoenaed. There's this nice note we have here from Frank. 'Dear Larry and Donna: We're not going to make the numbers. So sorry. Frank. PS: Now you know and you're on the hook.' That's what he might as well have written. And in case you're even thinking of deep-sixing Frank's email — and putting ourselves completely at his mercy, by the way — where do you think he got the numbers? He can't add two and two by himself, so there were probably fifty emails today and ten people involved in Accounting and Sales putting those numbers together that he sent us. So what do we do now, Mr. CEO?"

"For one thing," says Larry, "we don't panic. And we stick together or we're both fucked, as you just pointed out so eloquently."

"And?"

"We only have two choices," says Larry. "Obviously, we can change the guidance now that we have Frank's letter. That pisses people off. That tanks the stock. But I don't see how we get sued since we didn't hide anything."

"We'll get sued anyway," says Donna, "but probably we could win. But don't kid yourself; there is no secondary if we change that guidance. Barcourt'll pull it so fast your head'll spin. Their analyst is left high and dry. They can get sued. No way we do a secondary if we change the guidance. And we need to do that secondary. We need to get some more cash into hackoff and we need to take some money off the table ourselves. It's time we made some money."

"Okay, that's just one alternative," says Larry. "The other is to make sure that we do have an operating profit. And that means we do some of the short-term shit that Frank is recommending even though we don't want to so we make the numbers. We hold our noses and we do what we have to do. Certainly won't be the first management team to have to scramble to deliver what they promised. Hopefully, we don't have to do this again."

"Hopefully you don't give any more stupid guidance," says Donna. "Okay. How do we make the numbers?"

"The easiest thing, seems to me," says Larry, "is you ease up some on those companies who haven't closed their financing yet; let Frank book some of

those sales. You figured out that's where the problem is. And Frank's right, if some of them go south, it doesn't really cost us anything. Not like we have a cost of goods or anything."

"We pay commission to the fucking salesmen," says Donna. "That costs us something. Are you gonna take the commission back if the customer 'goes south'?"

"Sure, why the hell not? That'll discourage them from trying to book just any old shit."

"No it won't," says Donna. "They'll still throw shit up against the wall to see if it sticks. Doesn't cost them anything to try, so they'll do it. Worst that happens to them we take the commission back — if you REALLY do that, which I doubt. Anyway, booking crap isn't going to solve our problem."

"I sure as hell WILL take the commission back. But why doesn't this solve our problem? You're the one who said we're on plan except for not booking enough of the little stuff."

"Three reasons," Donna says. "One is that even if we allowed all these 'pre-financing' companies, we haven't turned down enough of them that we've been getting to make up the gap. For some reason Frank hasn't told us — probably doesn't know — new companies aren't coming in as fast as they did. Two is that we have no real way to value the companies if they haven't even closed one round of financing, so we can't book a hell of a lot of revenue from the equity they give us. That's just one of the reasons we have a rule against equity deals for these wannabes. And three is it's almost the end of the quarter. We just can't nickel and dime to a profit in the last two weeks. We're too far behind."

"Okay," says Larry, "then we gotta run a quarter-end sale and close some of the big ones in the pipeline. That's what you're saying."

"I guess. We really don't want to train customers to wait until the end of the quarter to get a deal. I've audited companies that get in that trap and it really sucks."

"Shouldn't be too much of a problem for us," says Larry. "For better or for worse — this time I think it's for the better — we sell to new customers every quarter. Not like we're selling them computers or routers or something and have to come back every quarter looking for new orders from the same buyer."

"I hope you're right," says Donna. "I mean I hope the word doesn't get around that hackoff runs quarter-end sales."

"We don't really run a sale," says Larry. "I'll be very clear on that. I'll just give Frank some price discretion and tell him to use it very carefully to close a few elephants. Costs us a little money in the long run but should bring the quarter in where we need it to be. And also you should look again and see if there are some of those little guys in the queue that you can let through and pick up some change."

"You gonna tell Frank this?" says Donna. "You gonna explain the rules to him? What're you gonna tell him about us letting them book the wannabes?"

“You think I have to tell him anything about that?” asks Frank. “They’re still submitting them. You could just approve a few and then stop approving them when the quarter’s in the bag.”

“I’ve got to tell my people something,” says Donna. “They know the rules and now I’ve got to tell them to do something they know is dumb. Also, you were going to tell them that commissions are reversible on these. I knew you’d chicken out on that.”

“I’m not ‘chickening out’ on anything,” says Larry. “I’ll tell him we’re doing a pilot program. Gonna take a chance with a few of the best of these — you decide which, not him — and we’ll see if it works. The rules are: they still need Accounting approval and commissions are reversible. Unless it’s some kind of huge success, we’ll dump it next quarter but I won’t tell him that yet. ...I’ll call him now. You wanna be on the call or a fly on the wall?”

“I’m going to call my husband,” says Donna. “I’ve had enough of Frank for one day.”

“See ya... Wait a minute. All this quarter stuff reminds me. Did I tell you to sell your Big Router stock?”

“No,” says Donna, “you didn’t. You get a hot tip from Joanne Ankers?”

“No,” says Larry, “but I have heard they’re not gonna have a great quarter either. Of course, I don’t mean the ‘either’ part. I’m ‘shaw’ we’re gonna have an operatin’ profit, padnuh.”

“See y’all,” says Donna.

###

Email, March 23 - 24, 2000

From: Frank Folger
Sent: Thursday, March 23, 2000 10:01 PM
To: All Sales
Subject: End of the Quarter

Team:

I know you all know how important it is that we make our numbers this quarter. I’ve been working with Larry to find ways to make this more profitable for you and a SLAM DUNK.

First the profitable part. There’ll be a TEN PERCENT kicker on commissions for everyone coming in at or above quota! This is your chance to really make money. But you got to make quota. Almost don’t count.

Now the SLAM DUNK part:

We're having a QUARTER-END SALE. Make SURE your prospects KNOW that. Make SURE they ACT on it. Contracts MUST be signed by March 31 to count. There is NO SLACK. YOU and YOUR CUSTOMERS MUST ACT FAST. Do it! I will automatically approve any discount up to 20%. Try not to do more than that but, if you need more to close, come talk to me.

We are now going to be able to book sales to customers who haven't closed their first round of financing yet. I made sure management heard your concern about that. We still need approval from the bean counters but the difference is now we're going to get the approval.

I KNOW YOU CAN DO IT. I KNOW YOU WILL DO IT.

HAVE FUN and MAKE MONEY.

Frank

From: Frank Folger
Sent: Thursday, March 23, 2000 10:15 PM
To: Oliver Stonewell
Subject: ihudson

Oliver:

Why haven't I seen the paper on this yet? I'm getting nervous. Their CEO and I tee off tomorrow at 1PM. USE THAT to get the contract signed.

Also you know it makes a big difference to the secondary that we get a press release out on the signing ASAP. Don't let this fuck up the close but as soon as you've got their John Hancock on the dotted line it's your job to make sure they give us permission. I couldn't get you extra comp for this and I know it doesn't put any immediate money in you pocket - except it WILL make the stock go up - and I got a promise from Larry which you can trust me to remind him of that we'll be thinking about the press release when it's time to do your next option grant.

I'm counting on you, buddy. GO DO IT.

Frank

From: Oliver Stonewell
Sent: Friday, March 24, 2000 9:02 AM
To: Frank Folger
Subject: RE: ihudson

Frank:

The extra discount you authorized yesterday did it! iHudson is closed. They faxed me the paper. Had to go to 25% but I know you wont have a problem with this.

Am working on the press release now but they buyer is not all that close to PR. Obviously I'll do what I can but it's going to be hard. I'll certainly earn those extra options.

Hit em hard this afternoon.

Oliver

From: Donna Langhorne [mailto: donnal@hackoff.com]
Sent: Friday, March 24 , 2000 9:40 AM
To: Larry Lazard
Subject: FW: End of the Quarter

Larry:

I assume you haven't seen the email below I'm forwarding to you from Frank. The fucking idiot declared an end-of-quarter sale.

And says we're going to approve all the shit wannabes he brings in.

And looks like you approved extra commission for those assholes.

And you probably don't know that Oliver gave iHudson another 25% off on top of the 50% we already gave them. And that one was supposed to be already in the bag.

I'm really not happy with all this. Maybe you'll explain to me why Sales gets to run the company.

###

March 28 is the last day of the hackoff.com roadshow. The team is in Madison and then Milwaukee to visit with a bank, several large mutual funds, and the State Retirement Fund. The people they meet with are midwestern friendly and laid-back, but nervous. They are watching NASDAQ sink back below 4900 on their screens and don't pay full attention to the hackoff pitch. Stocks which are up for the day show green on the screens and stocks which are down show red.

"I had to stop myself from looking at the screens," says Larry. "So much red."

"You didn't stop yourself from looking," says Donna. "I was afraid you were going to stop your pitch all together, you were going so slow."

They have just come out of a large bank downtown and are walking the few blocks to the Pfister Hotel where they have rented a room for the conference calls they need to officially price the hackoff secondary.

At 3:00 PM in Milwaukee — 4:00 PM in New York — Larry pushes the button on his cell phone to call the robot that will give him closing prices. hackoff is down 11/16 and closed at 99 3/8.

"Shit," he says, "under 100 dollars. Our timing wasn't very good. NASDAQ got clobbered."

Since secondaries are priced based on the market close, the conference calls from the rented room at the grand old Pfister, where hi-tech polycom phones look out-of-place, are *pro forma*. Barcourt recommends a price of 99 1/4. Larry argues for 99 3/8 but surprisingly mildly. He calls the 1/8 below the closing price a "tip" for Semper — who did, after all, buy in the secondary. He doesn't explode, though, and says he'll call his Board of Directors.

Franklin Adams and Joanne Ankers, along with Larry, are the Pricing Committee. Franklin is ten minutes late for the call so Larry, Donna and Joanne have to make small talk. Aaron Smyth is also waiting silently on the call.

"How was Houston?" asks Joanne.

"We're in Milwaukee," says Donna.

"I know that, Donna," says Joanne, "but I was asking about Houston. How was that?"

"Smelly. Smelly and hot," says Larry after waiting to see if Donna will answer.

"I was born there," says Joanne. "Grew up there. My family still lives in and near Houston. It's really a great city."

"Right," says Larry. "Lots going on."

"How does the quarter look?" Joanne asks.

"Not done yet," says Donna.

"Are we going to make our numbers?" asks Joanne.

"We should have our operating profit," says Donna. "I don't want to be more specific than that. We're not closed yet."

"You must have a pretty good idea," Joanne insists.

“Joanne, I’ve been on the road nonstop for the last two weeks. I’ve told you what I know and I’m not going to tell you what I don’t know. How does the Big Router quarter look?”

“That’s not really relevant,” says Joanne. “We’ll do our earnings statement in a couple of weeks.”

Franklin Adams has joined the call. “I keep hearing these rumors,” he says.

“About hackoff’s quarter?” asks Joanne.

“No, we’re not famous enough yet for rumors,” says Franklin. “I keep hearing that Big Router is having a hard time this quarter. I know that the Big Router salesmen are offering ad-Ventures’ portfolio companies big incentives to buy before the end of the quarter.”

“Speaking of incentives,” says Larry, “Barcourt wants us to price at 99 1/4 so they can give a 1/8 tip to Semper and Fido.”

“Is that what they said?” asks Joanne.

“Just recommended the price,” says Larry. “Just don’t see why we shouldn’t price at the close except to help them with their favored accounts. Antihack priced yesterday right at their closing price.”

“Antihack is more complex with their debt issue,” says Franklin. “I don’t think they got quite what they were hoping on that. Larry, I’d say we should go with it. You guys have done a good job in a tough market. I think we’re lucky to get done at this price even though we all hoped it would be higher. And, remember, the lower the price, the better chance the shoe goes — although an eighth doesn’t really make a hell of a lot of difference.”

“You think the shoe’s at risk?” asks Larry in an elevated pitch.

“This market makes me nervous,” says Franklin. “We should be okay, but the market is not well. Anyway, got to run. I move we price at 99 1/4. Aaron, is that what we need legally?”

“I’ll write it up with the boilerplate,” says Aaron. “Is there a second?”

“I second,” says Joanne.

“I’ll hold my nose,” says Larry. “If there’s no dissent, I guess this passes unanimously. Thank you, everyone.”

“Good work, Larry and Donna,” says Franklin.

“Thanks,” says Larry.

“One more thing,” says Franklin.

“What’s that?” asks Larry.

“You’re rich,” says Franklin. “Good night.”

“Good night,” says Joanne.

“Right,” says Donna. “Good night.”

#

The company raises about ninety-five million dollars net of commissions. Larry and Louise sell 270 thousand shares for over twenty-six million after

commissions but before taxes. Donna gets 9.5 million; and Frank Folger and Aaron Smyth a little over six million each.

Windaw & Wallar gets thirty-eight million dollars; ad-Ventures 34.2 million; Big Router Ventures 47.5 million; and assorted other venture firms 22.8 million. These are home runs for the venture firms. The shares they sold for a net of ninety-five dollars each cost them, on the average, two dollars per share. Larry and venture firms other than Big Router expect to get substantially more when the shoe is sold. Barcourt and the other banks earn almost ten million dollars in commissions.

After the call-back to Barcourt in New York to tell them the price has been approved, the hackoff roadshow team, except for Jason, who is visiting a fraternity brother in Milwaukee, leaves the Pfister for the airport. Donna goes to the public terminal to fly to San Francisco where she is joining her husband for what she describes as a celebratory ride through the Napa Valley. So only Larry and Rachel board the jet for New Jersey.

“How does it feel to be so rich?” Rachel asks Larry a little while after take-off. The copilot has their dinners warming in the microwave and they are drinking red wine and eating plump shrimp.

“Not so good so far,” says Larry. “Maybe it just hasn’t sunk in yet. Maybe the money isn’t real yet. It doesn’t feel good to have priced at so much less than we thought we would. Remember, we were over 150 dollars when we got into this. I feel like we’ve been playing defense for the past couple of weeks and still getting pushed backwards.”

“Larry, you couldn’t have done better in this market. I’ve been talking to my colleagues who are on the road with other companies. It’s brutal out there. For the first time people are actually worried about deals getting done. And I hear there are some companies that aren’t going out right now because the bankers want to wait and see. Anyway, I brought you something to celebrate.” She pulls a bottle of Wild Turkey 101 Proof out from under the seat where she arranged for it to be stowed. “Skol, as Gustav would have said.”

“Thank you,” says Larry. “That’s very considerate. You remembered my favorite indulgence. I must’ve told you the story...”

“You told me that you used to drink something awful in college.”

“Kentucky Beau. Kentucky Beau was all I could afford,” says Larry. “I swore I wouldn’t drink it any longer than I had to. Just like I swore I’d stop selling blood once I didn’t need the money for dates. Been drinking better stuff and giving my blood away ever since I could afford to. Except when I was in jail; they don’t let you give blood in jail.” He pours and swallows a large gulp.

“That must’ve been a strange time.”

“You mean being in jail or drinking Kentucky Beau?”

“Jail.”

“Well,” says Larry, “it was an experience most people don’t have. As my Israeli friends like to say ‘that which doesn’t kill me makes me stronger’. In my case it was literally true. I wouldn’t have been able to start in the security consulting business if I hadn’t confessed to ‘Gotcha’. And, if I hadn’t had that business, no hackoff. And then I wouldn’t be rich and worrying about how that

feels. Anyway, I'm not in jail now and I AM drinking Wild Turkey. Thanks for bringing it aboard." He takes another big swallow.

By the time the copilot gives him his steak, Larry is woozy from the Wild Turkey and spills gravy on his white shirt, tie, and suit pants. "Shit," he says, then laughs. "Well, don't need the suit tomorrow. I guess this is the right time to spill on it." He takes the tie off, balls it up, and throws it in a trash receptacle.

"Now you're acting like a rich guy," says Rachel. "Tie gets dirty, you throw it away." She giggles.

"You know," says Larry, "before the IPO roadshow Louise had to go out and buy me a dozen white shirts. Bankers told her that's what I'd need."

"It was me that told her," says Rachel. "But I only told her ten. You need a two week supply since the first week gets laundered while you're out for the second week and then you can use those again for the third week."

"Yeah, well I'm sure Louise got 'em cheaper by the dozen," says Larry still trying to mop gravy off his shirt. "Or else..." He laughs. "Or else she figured I'd spill on some of them. She knows me pretty well."

"How does Louise feel about all of this?" asks Rachel.

"Don't really know," says Larry. "She's like me. I mean we haven't let ourselves really believe in it, don't really believe in it 'til it happens. Now we'll have to see. Of course, her aunt wants to come and help us manage all our money. And so does every other banker and investment advisor in the world."

"Louise's aunt is a banker?"

"Yeah, she's at Merrill. Does 'wealth management'. How's Ahmed?"

"Oh, about the same as when you asked me driving down from Boston — that was fun, that night."

"Still not romantic?"

"No, I don't think that'll change. But he is coming to the airport in Linden to pick me up when we get in. That's sort of romantic. He knows Barcourt would have gotten a car for me."

Larry has another drink. He offers some Wild Turkey to Rachel who refuses. "It'll grow hair on your chest," says Larry.

"No thanks," says Rachel. "You must know from Louise, us Jewish girls don't try to grow any extra hair."

Larry laughs hard. "That's funny," he says. "I must be getting drunk. I don't think it would be that funny if I wasn't ... if I weren't getting drunk." He has a hard time controlling his laughter. Finally does, and has another drink when he can stop laughing long enough to swallow.

"Thank you, Rachel," he says. "The Wild Turkey was very thoughtful of you. Seriously, you did a good job for us on the roadshow. It was a tough one, but you did a good job. I'll be sure to tell Harvey Maklin."

"Thanks," says Rachel. "That would be helpful. It was a pleasure being on the road with you ... with you and Donna. It's good to watch a pro in action."

"Me or Donna?" asks Larry. His eyes are slightly unfocused.

“Both of you,” says Rachel. “Good to watch PROS in action. You’re different, though.”

“I certainly hope so,” says Larry. “I mean I never modeled swimsuits.”

“Did she really do that? I’d heard that but didn’t know if it was true.”

“Yup. I’ve got the *Sports Illustrated* she was in at home. I’ll show it to you sometime.”

The jet stream is strong and blowing due east this evening so the trip is a short one and soon the small jet is on final approach to Linden Airport, the closest strip to Atlantic Highlands with a long enough runway.

“Good job, Larry,” says Rachel softly just before landing. She leans forward and kisses him on the cheek.

He reaches for her shoulder to embrace her but misses as the plane bumps down and she is pushed back in her seat. “Good job, yourself,” he says.

By the time the airstairs are down, Louise and Ahmed are waiting at the bottom. Louise has red roses tied with a yellow ribbon. Ahmed has an umbrella for the light rain.

“You’re drunk,” says Louise gently as Larry stumbles on the lowest step.

“Thanks for the roses,” says Larry. “I always know you’ll be waiting for me. I think we did it this time. I spilled on my shirt, too,” he adds.

They embrace and kiss. Ahmed and Rachel embrace chastely.

“I hear we have a friend in common,” says Ahmed as the two couples walk back to the small terminal under a combination of Ahmed’s umbrella and one provided by the copilot.

“Really, who?” asks Larry.

“Mr. Assan. I represent him here in several matters.”

“Mr. Assan? I’m not sure I..”

“He met with you in Davos. Perhaps you are very tired now and...”

“Oh,” says Larry, “Mahmud. You mean Mahmud. Not sure he’s a friend, but we certainly did meet in Davos.”

“He sends his best,” says Ahmed.

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