



Informer

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William P. Barrett, Matthew Rand, Neil Weinberg, Tatiana Serafin and Janet Novack 02.12.07

### Glamour on the Cheap

The upstart Hollywood Foreign Press Association, sponsor of the recent Golden Globe Awards, operates on a pittance compared with the more established Academy of Motion Picture Arts & Sciences and its upcoming Oscars presentation. Latest available nonprofit filings (from 2005) show the Golden Globes televised banquet cost a mere \$325,000 to stage; the Oscars (with its formal Governors Ball), \$18 million. The HFPA was paid no more than \$6 million for broadcast rights versus \$58 million collected for showing the Oscars. Still, the HFPA somehow managed to clear \$2 million for the year--again dwarfed by the academy's net of \$16 million. --*William P. Barrett*

### Lead to Gold: Plan B

Ecotality has gone from pennies per share a year ago to a recent \$1.24, a \$140 million market cap. This is despite (1) nil sales since its 1999 founding, (2) \$11 million in accumulated losses and (3) a going-concern warning accompanying the latest financials. The rise began as the Scottsdale, Ariz. company underwent a transmutation. It said that it was scrapping years of fruitless efforts on biodegradable chemical cleaning products in favor of hydrogen storage for fuel cells, issuing stock to license patent rights from CalTech. (An odd statement in one filing that the firm had bought "inventory of wine-related merchandise" is false, says boss Jonathan R. Read.) To complete the upgrade, the outfit changed its name from Alchemy Enterprises. --*Matthew Rand*

### Unless It Involves the SEC

The Securities & Exchange Commission still won't identify the 27 mutual fund families it says defrauded \$230 million from their own investors through secret, improper marketing agreements with Bysis Fund Services. In September the mutual fund administrator, admitting nothing, agreed to pay \$21 million in ill-gotten gains, penalties and interest. After a back-patting SEC press release ("today's settlement demonstrates the commission's commitment ...") named no other names, FORBES filed a Freedom of Information Act request for the roster of rogues. The SEC just refused, claiming release could interfere with "enforcement activities," probably meaning an investigation continues. The agency also billed us \$84 for its "search and review." That original press release decried "secret arrangements" that "have no place in the mutual fund industry." --*Neil Weinberg*

### IRS Refunds, No Questions Asked

The Internal Revenue Service admits it goofed in paying \$2 million in refunds to trusts benefiting [Gary Kornman as the feds and others were in civil litigation involving the controversial tax-shelter promoter](#) (FORBES, Apr. 11, 2005), charging he was behind tax underpayment. The agency just sued Kornman for the money back, in a Dallas federal court. He is also awaiting a criminal trial on unrelated federal securities-fraud and lying-to-investigators charges. The IRS pleading says that after ten Kornman trusts filed amended returns on a disputed expense issue, the agency sent nine of them a \$220,000 payment each around Christmas 2004. No formal reply yet from Kornman. --*Janet Novack*

### Watch That IPO Hype

A new academic study suggests that the profitability of a typical private company declines sharply after an initial public offering. Reviewing 7,183 initial offerings in the three decades through 2004, the University of Chicago's Lubos Pastor, Lucian Taylor and Pietro Veronesi write that quarterly return on equity declined by 2.7% after one year and 4.3% after three years. Their considered explanation: Initial offerings take place when "expected future profitability is sufficiently high"--which can be quite different from the actual results down the road. --*Tatiana Serafin*