

## Taking Stock: Firm's new battery has strong negative charge

by Malcolm\_Berko

Dear Mr. Berko: I want to invest in a small company that specializes in nanotechnology because I think this is the wave of the future. I'm told of a company called Altair Nanotechnologies that is, according to research given to me by my broker, on the cutting edge of many new products. I would like to buy 20,000 shares of Altair at \$3.90 because it seems to have excellent promise according to WR Hambrecht's research. Hambrecht, as you know is that big New York Stock Exchange firm which was very active during the tech stock market and people made big money following their recommendations. Hambrecht's people believe that Altair's revenue will grow tenfold this year and that the company will finally make a profit. Hambrecht is a member of the NYSE so their research certainly must meet sound standards. But I would like your thoughts on this stock, which would also give me an added level of comfort before I invest \$39,000.

N.W.

Kankakee, Ill.

Dear N.W.: Altair Nanotechnologies Inc. (ALTI-\$3.30) is a research and development firm with activities directed at high-sounding sectors like: advanced materials, air and water treatment, alternative energy, lanthanum-based pharmaceuticals, biocompatible materials and chemical delivery products. Last year ALTI put \$4.3 million in revenues on the books and lost 29 cents for each of its 69 million shares, or about \$20 million. ALTI hasn't made a profit since it emerged from the woodwork as a new issue four years ago.

Nanotechnologies is a fancy name that excites millions of gullible simpletons who believe there's a Golconda behind every rinky-dink, small company in the nano-business. Most of ALTI's research, except for alternative energy, isn't worth writing home about especially its lanthanum (a ductile rare metal) based pharmaceutical research, which has been an embarrassing bust.

However, ALTI's alternative energy research seems to have excited the hoi polloi who pushed the price up 65 percent from December's \$2.50 a share to \$4.10 last March. And the price has fallen even more from \$3.90 to \$3.30, which is a \$4,000 savings on 10,000 shares. The big deal is ALTI's rapid-charge, high-powered nano-battery. Supposedly a sport utility vehicle, equipped with this battery using nano-structured materials for the negative electrode, recently "put on an impressive performance." Now I don't know what "an impressive performance" is but I can tell you that ALTI's chief executive officer, Alan Gotcher Ph.D., has been talking up his nano-tale batteries for several years.

But all is not as bad as it seems; Gotcher's battery has produced more than \$75 million in losses that can be used as a write-off if ALTI makes a fortune on a rumored nano-patent for powdered water.

Still there are idiots on the street who believe ALTI is the next Microsoft, Google or Wal-Mart. Brokerages I've never heard of like Merriman Curhan Ford, Canaccord Adams and the Maxxim Group have "buy" recommendations on the stock. And some poor schlump (John Roy) at WR Hambrecht also rates ALTI as a strong buy. This fellow thinks that orders of ALTI's nano-batteries will generate \$42 million in new revenues this year.

So computing this new revenue factor into his kindergarten computations, JR suggests that ALTI, rather than losing millions this year, will net 9 cents a share, or \$6 million. Meanwhile, ALTI management wantonly spends money like drunken sailors on shore leave. So in order to meet lease obligations, payroll, etc., Gotcher has to raise cash to pay the bills; so guess which brokerage firm is ALTI's underwriter? Why Hambrecht, of course, and they're telling starry-eyed investors like you that ALTI will soon be a \$6 stock.

One would think the buffoons who run the New York Stock Exchange should sense a conflict between Hambrecht's published research reports on Altair and Hamrecht's position as an underwriter for ALTI's shares. But I'm not surprised; Hambrecht has skilled friends with bushels of bucks who lobby the NYSE! Not long ago when my office was visited by the NYSE staff, one of their auditors lost his patience with my questions and blurted, "We don't give a blankety-blank about the public. You break our rules, and you're toast!" Some say the NYSE and its member firms have inveigled more money from investors than the Mafia, but that's a conservative guess. Meanwhile, if that battery is so good, please tell me why ALTI is still selling at a low \$3.30 a share?

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