

# Will time tell how low-tech stocks will go?



MIKE WENDLAND

**G**ood-bye new economy. Hello old economy. The bubble has indeed burst. Individual investors by the millions are cashing in and taking their dwindling high-tech fortunes out of the tech-heavy Nasdaq and shoveling it into the old economy blue chip stocks on the Dow.

The recent antitrust guilty verdict against Microsoft, in being blamed for the current bloodbath, but really, it's just the latest of a series of warnings, misfortunes and dubiously financed high-tech disasters that have plagued a host of technology stocks for more than two weeks now.

What all the analysts are missing, I believe, is the ominous story of failure that hangs over the head of hundreds of new dot-com firms. Dozens of these heavily hyped firms have burned through hundreds of millions of dollars in financing and venture capital and are now on the verge of going belly up.

Watch what happens the rest of this quarter and next. There's a rout coming, a huge collapse of the entire dot-com industry.

Very few of them, maybe a handful, are making money. The vast majority are smoke and mirrors. It's time to face reality for many. They have yet to turn a profit and show absolutely no sign that they will be able to do so in the foreseeable future. Even with the huge sell-off on the Nasdaq in recent days, most of the tech companies are still ridiculously overvalued.

The reason is two-fold: Greed

and ignorance.

New individual investors have flocked to the market and greedily flooded the Nasdaq with their self-managed 401K savings and \$0 Datek and Ameritrade "buys," pretending to be big-time investors in a lust to get rich quick. And many did. For awhile.

But their ignorance in buying stock symbols and trendy tech stocks that have no earnings history has caught up with them. Now, as their bubble has burst, they're panicking. Expect a slight bounce back in the Nasdaq. That's the pattern. And there are some good buys out there that the big institutional firms will snap up.

But the free ride is just about over, replaced by a free fall.

**Net execs dump stocks**

If anybody had been looking, maybe this week's crash of the tech market could have been foreseen in the way a lot of top

tech execs have been handling their stock holdings in recent days.

A number of key Internet execs unloaded massive amounts of stock, perhaps a clear indication that things weren't as rosy as their public relations flacks were telling the rest of us.

Usually, insider sales of stock by key tech execs collectively average between \$1 and \$3 billion a month, according to the First Call/Thompson Financial company, which tracks insider sales. Last month, those sales totaled \$12 billion, with the huge surge attributed to technology execs unloading their shares.

There's a great Web site you can use to watch insider stock sales. It's called the 10K Wizard (<http://www.10kwizard.com>) and it makes all official corporate filings with the U.S. Securities and Exchange Commission available online. Click on the INSIDER TRADING button to snoop

around. And if you really want to have fun, type in the company name or stock symbol or the chief exec's name and look at the DEF 14 (for definitive proxy) filings to see the salaries paid to the heads of some of these overvalued dot-com companies.

**No confidence**

Attorney General Janet Reno held a cyber crime summit meeting this past week with top execs from Silicon Valley tech firms. But she didn't get the reception the government hoped.

Instead of enthusiastic support, Reno's attempt to get tech firms to cooperate with the Justice Department by providing greater access to their networks was met with barely disguised skepticism.

Tech companies simply don't trust the government enough to let them snoop around their systems. And there's a lot of doubt about the expertise of government cyber cops.

Most of the companies indicated they prefer investigating cyber attacks themselves, or contracting out with highly specialized and discreet private firms that really know what they're doing.

The biggest reason for the skepticism and distrust? The massive denial-of-service attack on the nation's biggest Web portal sites last February is still unsolved, despite the FBI's bluster and promise to catch those responsible.

Mike Wendland reports about computers and the Internet for NBC television stations coast-to-coast. His "Net News Daily" Internet reports are on WWJ, NewsRadio 950 Monday-Friday at 6:20 p.m., and his "PC Talk" call-in radio show is heard every weekend on TalkRadio 1270, WXYT. You can reach Mike through his Web site at [www.pcmike.com](http://www.pcmike.com)

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**FRIDAY, APRIL 14**  
**BUSINESS IN CHINA**  
Oakland University's Professional Development and Education Outreach, School of Education

and Human Services (SEHS) will present "Opening Doors in the 21st Century, Creating Business Opportunities in China after WTO." The seminar will be held from 8 a.m. to 4 p.m. Friday, April 14 in Oakland University's Meadow Brook Ballroom. Co-sponsors include: The Detroit Regional Chamber, Pontiac Export Assistance Center - U.S. Department of Commerce, Michigan Economic Development Corporation, and Leonard Woodcock Legacy. The seminar

is an introductory course for individuals and organizations interested in developing or expanding markets in China. Jerome D. Hill, J.D., Ph.D. and Ledong Li will share their expertise on expanding interests and overcoming the challenges of doing business in China. Cost is \$295 and includes a Chinese luncheon and handout material. Contact the Professional Development office at (248) 370-3033 for a brochure or to register for the seminar. Fax registration

with VISA or MasterCard payment is accepted at (248) 370-3137.

**SECRETARIES WEEK**  
The Tri-County Chapter of the International Association of Administrative Professionals will present a business seminar titled "Assistants and Executives Working in Partnership" 8 a.m. to 1 p.m. at the Athenaeum Hotel in Detroit. Seminar/luncheon tickets are \$35 for IAAP members and \$40 for non-members. For more information, call (313)

235-9232 or fax (313) 235-0188.

**FRI, MAY 12**  
**FIESTA HISPANA BALL**  
The Michigan Hispanic Chamber of Commerce hosts its 11th

Anniversary Fiesta Hispana Ball at the Ritz Carlton, Dearborn. The VIP reception begins at 6:30 p.m. 7:30 dinner and dancing. An opportunity to network with business representatives and meet corporate sponsors. Call (248) 208-9915.

## BUSINESS CALENDAR

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