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DEMOLITION MAN

“We’re probably the only short-sellers in America who hope for a continued bull market.”

MANUEL ASENSIO ASENSIO & COMPANY

THE MOST SUCCESSFUL short-sellers tend to duck the press—they can do without the inevitable accusations that they’re running a death pool on condemned companies. But Manuel Asensio actually courts

publicity, preferring to think of short-selling as a noble enterprise. Where most short-sellers might issue a simple “strong sell” call and leave it at that, Asensio actually assumes what he calls a “hostile short position,” in effect a

declaration of war on what he considers grossly overvalued, or “fraudulent,” stocks; in three years, he’s launched twenty such salvos. Detailed reports on these alleged lemons are published on his Naderesque Website, asensio.com.

Living dangerously: Those twenty shorted stocks have seen their average share price plummet 83 percent after Asensio sentenced them to a public stoning; accordingly, four of the companies decided to sue him. Hemispherx is the Philadelphia-based maker of a remedy for chronic-fatigue syndrome that Asensio alleges is worthless. The company’s stock, which traded at more than \$13 on September 9, fell to \$5 a share two weeks after Asensio issued his advisory; Hemispherx’s \$320 million lawsuit charges Asensio with distributing false information and threatens to knock him out of business.

Moneymaking mantra: Asensio retains a team of six analysts to pore through companies’ rosy financials looking for thorns. “It’s a lot easier for these [companies] to make up a lie than it is for us to disprove it,” Asensio snorts.

Where he’s heading in 1999: Into the woods fully loaded, but not for bear, as the saying goes. “We’re probably the only short-sellers in America who hope for a continued bull market,” Asensio says. “Vibrant markets are fertile ground for stock fraud.” In 1999, Asensio plans to short the medical-device firm MiniMed, the maker of an insulin pump worn by the most recent Miss America. In December, MiniMed issued a press release indicating that the company is trying to develop a virtual “artificial pancreas.” The stock hopped immediately on the news, but Asensio doesn’t think MiniMed’s up to the task. “This is a highly competitive area,” says Asensio, “and Pfizer’s coming out with insulin that you can inhale, which could be very bad for MiniMed. Anyway, a pump injecting insulin is not worth 129 times earnings.”