

# THE WEISS FILE

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Main

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## How to Screw Short Sellers

So here we have a man bites dog story: a company that is a poster child of the anti-short-selling conspiracy kooks, and which has just whupped the shorts the only way they can be whupped--*by producing a product that works.*

That company is called Dendreon Corp., and **word** emerged yesterday that its prostate cancer drug had passed clinical trials. The stock has more than doubled in early trading.

Dendreon has been heavily shorted and it was also a subject of massive yammering by anti-naked-shorting conspiracy kooks on the Internet, who point out that the company has been a subject of "fails to deliver" of its stock--something that, as they know full well, is almost always caused by factors other than naked shorting. (The SEC **debunked the issue** at some length a few years ago, which sent the wingnuts on a rampage.)

Dendreon management never embraced the crackpots claiming that the company was being hurt by shorts, for the simple reason that it wasn't. There was no need for blame-shifting. The company had a legitimate product, and no amount of short-selling, "naked" or otherwise, can hurt a company that has genuine prospects and is not run by bozos.

In other words, Dendreon is not like the third-rate Internet retailer Overstock.com, whose wack-a-doo CEO Patrick Byrne has been weaving wild conspiracy theories over naked short selling for years, ever since it

dawned on him that he *simply does not know how to run a company*. His talents, to the extent he has any, lie elsewhere (standup comedy?), but he has never eked out a profit for his company. His recent announcement of tiny fourth quarter profits was achieved by **accounting gimmickry**



Byrne is famous for a 2005 rant in which he claimed that his company was victimized by **an imaginary "Sith Lord,"** and since then he has turned Overstock into a kind of corporate Somalia. He has consistently used smoke and mirrors to minimize his company's ongoing financial trauma--as corporate crime-fighter Sam Antar has **chronicled**--and has

flushed any concept of ethics down the toilet by using his company's website as a platform for attacking critics (myself included), and by hiring a nauseating hatchet man named **Judd Bagley**.

In addition to his ongoing smear campaign against critics, Byrne has perfected the art of **issuer retaliation** (a subject not on the SEC's to-do list) by suing investors and analysts who don't like Overstock.

It's a really down-and-dirty smear campaign. Recently one Yahoo screen name, which has claimed to be Bagley, has taken to posting lies about Antar's divorce case on the Yahoo Overstock.com message board.

Byrne has done such an outstanding job of running the company into the ground that, **for a time**, its SEC filings disclosed that his screwball campaign was endangering the company's reputation and share price.

While Byrne was turning Overstock into a loony bin, Dendreon was developing its anti-prostate cancer drug. Shorts who bet it couldn't have been creamed. If they prove correct--well, then longs will be creamed. That's how the market works. Unfortunately, the SEC has been diverted from policing that marketplace by the anti-naked shorting hysteria, which has gained support from a range of anti-investor organizations, ranging from the **U.S. Chamber of Commerce** and **Washington Legal Foundation** to a motley assortment of corporate-financed astroturf front groups.

Now, mind you, critics probably will contend that Dendreon hasn't got the goods, etc. etc., but Dendreon is going to fight back by actually producing a product that it can sell. The SEC may want to consider the case of Dendreon before it wastes more time chasing the naked shorting

hobgoblin.

See more in [Dendreon](#)