

Phantom tech firm worth billions, inexplicably

July 11 2014, by Luc Olinga



Traders work on the floor of the New York Stock Exchange on June 20, 2014 in New York City

It has no assets, no revenues and no business plan to speak of. But a company called Cynk Technology has seen its value soar as high as \$4.7 billion.

Wall Street analysts have been at loss to explain the spectacular 24,000

percent rise in Cynk, which trades on the lightly regulated over the counter (OTC) market.

While its share price and market value fell at the close of trade, the company unknown in the technology or financial communities for a time traded in the range of the value of firms such as Groupon, Pandora Media or Yelp.

"We must sadly conclude that the company is nothing but a fraud," said the financial news website Zero Hedge.

"And it is nothing short of a testament to just how broken this excuse for a market is that a company with no assets, no revenues, no website and one employee can go from zero value to nearly \$5 billion in market cap in a few days."

The stock trading at six cents on June 16 inexplicably surged to \$2.25 the next day, and rose to as high as \$16 on Thursday, before slipping to around \$14 at the close—making its paper value still an eye-popping \$4 billion or so.

The company avoided scrutiny until its disproportionate value drew the attention of Wall Street veterans.

The phone number listed on company documents was out of service.

Richard Green of the market analysis firm Briefing.com examined the company's regulatory filing, which indicated Cynk had no assets, no cash and an accumulated loss of \$1.5 million.

Cynk calls itself a social network, based on its early incarnation as introbiz.com, which offered to put people in contact with celebrities like Angelina Jolie or Johnny Depp for \$50.

"The company is no more of a functional business than your average college student's entrepreneurial dream," Green said.

"There was no news or other recognizable event to explain such stock trading activity."

Analysts note that the market value is merely on paper, based on trades of a small number of shares.

"We want to stop short of directly calling Cynk Technology a 'scam operation,' as we have not yet been able to find a reason for the unusual trading, but it certainly has all the appearances of the typical 'pump and dump' scheme used to deceive ignorant investors into buying into 'the next social media' giant,'" Green added.

One concern is that certain "momentum" investors who use algorithms to trade can be attracted to the stock simply because of its rise.

"There is no rational explanation for yesterday's trading activity and the \$4 billion market capitalization," Green said.

"In short, Cynk has 'stynk' written all over it and we think the best approach to this stock is to avoid it entirely."

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