

Hitching the wagon to bitcoin and hoping for the best

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In this Friday, Dec. 8, 2017, file photo, a man uses a Bitcoin ATM in Hong Kong. Bitcoin is the world's most popular virtual currency. The latest example of a company trying to tie its fortunes to the cryptocurrency craze came Thursday, Dec. 21, in form of an iced tea maker. (AP Photo/Kin Cheung, File)

What's in a name? These days, if it's anything close to "bitcoin," it's Wall Street gold.

The latest example of a company trying to tie its fortunes to the cryptocurrency craze came Thursday in form of an iced tea maker.

Long Island Iced Tea Corp. until this week was known for its ready-to-drink beverages in flavors such as peach, raspberry, guava, lemon and mango. But Thursday said that it was undertaking a radical rebranding.

The company announced it will now be known as Long Blockchain Corp., shifting its primary focus from iced tea to "the exploration of and investment in opportunities that leverage the benefits of blockchain technology." Blockchain is a ledger where transactions of digital currencies, like bitcoin, are recorded.

The name change was enough to send the shares of the company based in Hicksville, New York, soaring almost 200 percent Thursday.

By Friday at the opening bell, some of that buying frenzy had begun to ebb, with the notoriously volatile bitcoin giving up 23 percent of its value overnight.

Shares of the iced tea maker tumbled 24 percent.

"There is craziness going on," said Emin Gun Sirer, an associate professor of computer science at Cornell University. "There always is when there is exciting new technology."

Long Island Iced Tea, or Long Blockchain, is not the first company to get a bitcoin-related boost and likely will not be the last, experts say.

Biopix Inc., a biotech company based in Colorado, announced in October it was changing its name to Riot Blockchain Inc. to reflect its new focus. Its stock is up about 250 percent, even after a 24 percent drop Thursday. Overstock.com's shares have risen 285 percent this year

as the online retailer has announced it would accept bitcoin for purchases and make a coin offering through its exchange. And British company On-line PLC's stock soared nearly 400 percent in October when it announced plans to change its name to On-line Blockchain PLC.

Nova Lifestyle Inc., a modern furniture company, also got in on the action Thursday, saying that it would be start accepting bitcoin and other major cryptocurrency and announcing the creation of a subsidiary called "I Design Blockchain Technology Inc." Its stock rose 18 percent.

Given the recent skyhigh surge in bitcoin—it traded around \$15,500 Thursday after starting the year at about \$1,000—and other cryptocurrencies, this halo effect isn't entirely surprising.

It is also reminiscent of the dot-com craze of the late '90s when seemingly sleepy stocks would rocket when they appended a "dot-com" to their names, said Jack Ablin, chief investment officer at BMO Private Bank.

Any time there is a major disruption in an industry or hot new technology, other companies will want in, said branding expert Allen Adamson. But he said that without a business or technology plan, it's a fraud.

"It's a jump-on-the-bandwagon-and-make-a-quick-buck time," Adamson said. "It's not a serious business play."

Long Blockchain did not return a call for comment.

The company, which went public in 2016, has not earned a profit for at least five years. Its news release did not offer definitive plans for the technology, saying only that it sees a "once-in-a generation opportunity" and that it is in the "preliminary stages of evaluating specific

opportunities." It will continue to run its beverage business.

Long Blockchain said it plans to ask the Nasdaq to change its trading symbol from its current "LTEA," but didn't disclose what it wants the symbol changed to.

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