

# Tampa News And Talk .Com

PO Box 280486, Tampa, FL 33682



*Al McCray*  
Managing Editor  
(813)244.0664

## Will Facebook stock be at \$4.25 by Christmas?

facebook

Registered trademark of the Facebook Corp



Today, September 1, 2012, Facebook stock is selling for \$18.05 per share. That is a long and I mean a very long ways from its initial trading of \$38-39 range. There were tens of millions of shares sold for that over inflated stock initial offering. Even today, millions of shares still trade. I have always thought that Facebook was an overvalued stock. I think it will be trading for around \$4.25 by Christmas or soon afterwards. I mean how much is a company worth when its principal assets are nine hundred million names of its members and an online connection? It's been said that up to 27% could be bogus accounts. So what is the real value of Facebook? How do you determine the real value of any company? Facebook was estimated to have been worth \$104,000,000,000 when it started selling shares at \$38. Now the "illogic of evaluations" must have the valve in a range of \$55,000,000,000 if it is trading for \$18 per share.

I have been searching my limited vocabulary to find 3 words to describe the millions of people who were misled and paid more than \$5 a share for Facebook. The only words that come to mind are; "suckers", "suckers" and "suckers".

I mean, how much can Facebook be worth without have a historical proven revenue stream and it's lacking in assets to come close to its stock value valuation. If those stock underwriter houses weren't so greedy about going public, they could have waited and offered the stock for around \$9 in three years.

Was Mark Elliot Zuckerberg too overly influenced by the greedy self-serving stock underwriters to go public at \$38? Was Mark Elliot Zuckerberg also influenced by the early mega investors who wanted to just cash out with money from new investors? Is Facebook becoming a legalized Ponzi scheme?

So how would one determine what a stock price should be on an initial offering on any company? I don't own any stock, nor do I profess to be a Wall Street investment guru. But I have one thought to answering that question, and it is very simple. Let's call it the Mccray Stock Evaluation Assessment or MSEA.

Step 1. Establish a Net Value of the company. Look at the net value of hard assets and assign a monetary value. Hard assets are cash in the bank, real estate owned less mortgages and liens, minus all legal debts, add all stocks and other investments held by the company, add signed contracts for future services to another company or to the government, add 5 times the projected income for company over the next five years, add the proven net income for the past 5 years, and minus the salaries and pension contributions of all employees over the next five years, minus long term contractual obligations (leases, mortgages) for 5 years. Let's say for simplicity sakes, after a careful figuring, that number equals \$1,000,000.

Step 2. Here is what the initial public offering price should be. Simply divide the number of shares to be issued into the Net Value of the company. See the examples below. \$1 per share for 1,000,000 shares, \$2 per share for 500,000 shares, \$4 per share for 250,000 shares and \$10 per share for 100,000 shares

I would not buy a stock more that 35% higher than my formula value assessment, There could be an exception; a company with the cure for cancer or a similar monumental product or services.

I feel that in time Facebook stock will stabilize at a realistic stock price based on real indicators. Then it will rise and hover around what the average stock is for social media stocks. I also feel that the initial stock buyers, including Mr. Zuckerberg, were duped and mislead by that Wall Street bunch out for a fresh killing, media hype and ignorance.

So now what do the early suckers do with their stocks they bought @ \$38-9 per share? Well that's a hard question to answer. They either sell now and lose about 50% of their initial investment, or stay on that suckers' waterslide ride to \$4.25 per share. It possible that Facebook could rebound, but as long as the mega investors are jumping the ships before the rats do, it's very doubtful for years to come. There are other companies that have also suffered this fate and created other suckers. The only winners are those who sell the stocks.

If Facebook files for bankruptcy, what would its assets sell for to satisfy any of its investors? The early mega investors have already "Made Off" with their killer mega profits.

Al Mccray  
Managing Editor  
mccray@TampaNewsAndTalk.com