



## Fallout from Emulex fiasco hits home at Internet Wire

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Before now-notorious ex-employee Mark Jakob manipulated Internet Wire into issuing the release read round the world, the vendor appeared to be on the IPO fast track. A group led by Sequoia Capital and Hummer Winblad Venture Partners - two VCs with strong track records bringing companies public - infused dollars 17.5 million in VC funding earlier this year.

'We don't believe the events of the last couple of weeks have affected our IPO viability,' said a resolute IW CEO Michael Terpin. He conceded that Internet Wire would probably need to show a profit first to ensure a successful IPO, but that's par for the current market conditions.

The biggest thorn in Terpin's paw now looks to be a lawsuit filed last week by Ronald Hart, a Broward County retiree who claimed he lost dollars 15,000 as a result of the hoax. The suit blasted IW and Bloomberg for 'recklessly disseminating materially false and misleading information.'

'We believe (the suit) to be utterly without merit and intend to fight it vigorously,' said Terpin. 'When you have high visibility, you get nuisance lawsuits. This firm is getting a lot of PR out of it.'

James Daniels, a litigation partner specializing in securities law for Hall Dickler Kent Goldstein & Wood speculated IW won't settle the case.

'This suit could be painful, but it depends on how serious the lawyer is in pushing it,' he said 'It's hard to predict, but if you settle a case like this, you're just encouraging others to sue.'

Meanwhile, lucky for Internet Wire, Terpin said when the Emulex story hit the wires August 25 the ink was barely dry on several partnership agreements.

While he would not name the partners, Terpin said three deals would be announced later this month, with a few others to follow in October.

One wire industry veteran who has worked at both IW's major competitors - industry giants Business Wire and PR Newswire - said the Emulex issue should blow over soon.

'This happens at least once a year, usually not on this magnitude, but it's just part of the wire business,' he said.

'Very similar incidents have happened at all the wires.'

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INTERNET WIRE

Based: Los Angeles, CA

Chairman & CEO: Michael Terpin

No. of employees Jan., 1999: 4

No. of employees Sept., 2000: 135

Client roster: 2,500 corporate clients and 300 PR agencies

Number of journalists: 24,000, including 9,000 tech journalists

Most recent valuation: dollars 65 million

Estimated market for overall Internet news release distribution: dollars 10 to dollars 20 million

All information is based on unaudited data supplied by Internet Wire, a private company.