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HEARD ON THE NET

Fund Manager Goes Online To Sway BindView Officials

By AARON ELSTEIN
WSJ.com
May 10, 2001

A hedge-fund manager, unable to get his way over the telephone, has turned to the Internet to convince managers at [BindView](#) Corp. to sell the company.

The Houston software maker, whose stock has fallen 75% this year amid a revenue restatement and reduction in its earnings outlook, is feeling the heat on a [Yahoo! Finance message board](#).

Robert L. Chapman, manager of Chapman Capital LLC in El Segundo, Calif., confirms that he has been part of the online discussion, posting under the alias "bobbingbargain." With Daniel S. Loeb as his partner, Mr. Chapman recently bought a 6.9% stake in BindView, according to filings with the Securities and Exchange Commission.

Mr. Chapman and another investor, posting under the name "Mr. Pink_esq," showed up on the message-boards the day before Messrs. Chapman and Loeb disclosed their ownership stake with the SEC.

"Do you all realize how blessed you are to be visited by one of the great investors of cyberspace?" wrote "Mr. Pink_esq" on message board focused on BindView on the evening of March 22. Mr. Pink_esq, whose alias seems to refer to a character in the movie "Reservoir Dogs," is a celebrity in the message-board subculture but has closely guarded his real name.

Mr. Loeb, who runs Third Point Management Co. LLC of New York, previously acknowledged in a court document that he has posted under the name "Mr. Pink." But he denies that he has posted messages as Mr. Pink_esq.

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Message-board participants can post under pseudonyms on Yahoo! Finance. Anonymous posters generally can be

identified only when required by a court.

In Mr. Loeb's case, documents filed in a Tampa, Fla., federal court identify him as Mr. Pink. The documents were introduced by Hitsgalore.com Inc., now called Diamond Hitts Production Inc., which sued Mr. Loeb and others for allegedly orchestrating a message-board campaign to drive down its stock price. Hitsgalore withdrew its suit in April 2000.

"The stench from BVEW's management suite is most nauseating," Mr. Pink_esq wrote in March. His tone has since become more strident. "Richard Gardner MUST GO!," Mr. Pink_esq wrote in one recent message about BindView's chief executive officer. The message added that company Chairman Eric Pulaski "must join forces" with Chapman Capital and Third Point Management.

By going to Internet message boards to criticize management or enlist support from other shareholders, investment professional take a risk, says

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Brian Lane, a Washington securities lawyer and former director of the SEC's corporate-finance division. If other shareholders join the fund-managers' fight based on what they read on the message board, the managers would have to notify the SEC, he says.

Mr. Chapman and Mr. Loeb are known for investing in poorly performing companies and pressuring their managements to quickly boost their stock price or sell the enterprise.

BindView has had difficulties of late. On March 6, it said that previously announced fourth-quarter revenue of \$27.4 million would be reduced by \$1.2 million because of higher-than-expected software returns in late January and February. The company also cut its earnings outlook for the year to break-even, while analysts had been anticipating earnings of 18 cents a share.

The day of the revision, BindView shares fell 40% on the Nasdaq Stock Market. At 4 p.m. Tuesday, the shares were up 19 cents to \$3, but still well off their 52-week high of \$15.81 and all-time high of \$45.75.

BindView has resisted the investors' call to sell. Telephone conversations with company's chairman, Mr. Pulaski, have been "littered with stockholder-insensitive commentary," Mr. Chapman says in SEC filings. In one instance, Mr. Chapman says he had to call five times before getting BindView CEO Mr. Gardner on the phone.

Mr. Loeb says in SEC filings that the CEO "literally hung up on me" when Mr. Loeb called to introduce himself.

BindView spokesman Kevin Weiss says he isn't aware of the nature of conversations between the fund managers and BindView executives, who declined to comment. But he noted that the company won't make decisions based solely on what two shareholders want.

"Nothing we know about these investors suggests they have any special insight into our business," Mr. Weiss says. "We are not going to be stampeded."

Mr. Chapman has been a thorn in the side of several companies. In February, he disclosed in an SEC filing that he had upped his stake in [USA Detergents Inc.](#) to 7.3% and was lobbying management to sell the company. Earlier this month, USA Detergents said it would be acquired by [Church & Dwight Co.](#), which makes Arm & Hammer products, for \$7 a share in cash.

"So many CEOs say their companies' problems are due to the economy, lengthening sales cycles, what have you -- they blame everyone but themselves," says Mr. Chapman. "I don't want to hear it. Their job is to make shareholders money. If they can't do it, they should turn over their company to someone who can."

Although the two fund managers' efforts have been warmly endorsed by many message-board participants, they also have been criticized by some.

Indeed, Mr. Pink_esq felt it necessary to address "absurd and baseless claims" about Messrs. Chapman and Loeb after one poster called them "two little brats who happen to be born with silver spoons in their mouths."

"Both feared raiders are totally self-made men from modest backgrounds that achieved their great success without family support," Mr. Pink-esq wrote.

Mr. Chapman, for his part, responded to a message from one participant who said Mr. Chapman's hands "are registered as lethal weapons." The fund manager wrote, "I do not currently possess any weapons that are registered with any governmental body."

Write to Aaron Elstein at aaron.elstein@wsj.com

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