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Xhibit Corp: Management's Shady Ties, Millions Of Shares Issued For Pennies And Absurd Valuation Suggest At Least 80% Downside For This \$290M 'Cloud' Stock

Jan. 7, 2013 8:33 AM ET

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XBTC shares a number of characteristics and red flags with the companies that I have already exposed and this article will specifically detail how:

1. The individuals behind XBTC's RTO spent only \$350K in August 2011 to buy a shell company and then printed themselves shares today worth over \$40 million on paper.
2. The figures who engineered XBTC's RTO and hold the majority of XBTC's free-trading shares have direct associations to multiple dubious and defunct penny stocks.
3. XBTC's CFO and director Michael Schifsky has direct ties to multiple questionable penny stocks, one of which was the subject of a thoroughly investigated and documented Pump and Dump scheme.
4. XBTC is radically overvalued within a peer universe that already sports sky-high valuation multiples and therefore fundamentally the stock is unlikely to appreciate any further in value.

Because of these points, I am comfortable adding XBTC to my list of "Strong Sell" candidates, and I predict that it will burn common shareholders badly and lose in excess of 80% of its value in the days ahead.

Company Background

Xhibit Corp is a technology company which according to this company press release describes its activities as follows:

"Xhibit is a cloud based marketing and technology development company focused on digital advertising, online and mobile social media, CRM (customer relationship management) solutions. Xhibit offers a total solution for digital advertising that is integrated throughout its divisions and shares technology and resources across all of its services. Through its subsidiaries, Xhibit utilizes its branded products and services to provide digital marketing and advertising solutions."

Looking past the "cloud," "mobile social media," etc. buzzwords of the corporate description, closer examination reveals that the company went public in 2012 via an RTO transaction. As is explained on page 5 of their most recent 10-Q, the company went public on June 4, 2012, via an RTO with a shell company called NB Manufacturing ("**the NBMF shell**").