

Ronco Is Going Public. Stay Away From This One.

[pullquote]We intend to use the net proceeds for the following purposes in the following order: (a) first towards credit card fees of up to approximately \$600,000 (2% of the gross proceeds from the Offering);[/pullquote]

Ronco is going public. Before I get into the details, I have to issue this warning: this article is for entertainment purposes only. After scanning the prospectus, **I honestly cannot recommend this stock.** Most of the proceeds will go to paying off debt. One interesting item in the "Use of Proceeds" (p. 29 of the Preliminary Offering Circular) is this →

If you insist on looking further, visit the INVEST page on the company's website. Download the Preliminary Offering Circular and spent a quality hour reading it in detail. Then do a search on "William M. Moore." When you get to the multiple signature pages at the end, go back to the top. This time search for "Moore." You'll see an interesting difference in the search result on the (unnumbered) third page of the document. For some reason the company doesn't want to make it easy for you to find this information.

The Ronco IPO

Ronco is going public with an IPO of **5 million shares**. Actually, this is a **"Tier 2 Offering" under Regulation A+**. The offering price is **\$6 per share with a minimum "investment" of 20 shares (\$120 for the math challenged)**. This offering is aimed squarely at Ronco's target demographic for retail sales. If you need another reason to avoid this offering, there's the fact that the current CEO, William M. Moore, declared Chapter 7 bankruptcy. That bankruptcy was discharged in November, 2007. And, **even if the IPO is 100 percent subscribed, Mr. Moore will still control percent of the voting power.**



Ronco is, of course, the company famous for late-night TV commercials and off-the-wall products. Remember Ron Popeil at midnight on your TV? **“But wait – there’s more!”** Ronco also invented the infomercial. Anyone who was around in the 1960s and 70s must have encountered Mr. Popeil at least once.

But Wait – There’s More!

Consistent with Ronco’s long history, **investors may receive additional gifts depending on how much they lay out.** The table below shows the full list of prizes and how much you’ll have to pay for them. Personally, I recommend the **\$10,000 level which gets you a one-time 20 percent discount at , a free Ronco Rotisserie and a free Ronco Ready Grill with accessories.** Oh, wait, **I actually recommend an investment of \$.** Never mind.



Ron Popeil

From the company's website:

Ronco was founded by Ron Popeil in 1964, and commercials for the company's products quickly made Ronco a household name. The names "Ronco" and "Popeil" and

the suffix “-O-Matic” (used in many early product names) became icons of American pop culture and were often referred to by comedians introducing fictional gadgets. Popeil became known as the “father of the infomercial” and coined the phrase “Set it and forget it!”

Ron is a native of Chicago and has become a legend in the Windy City. Fifty years and 2 billion dollars later, Ron has walked down Chicago’s Maxwell Street reminiscing over where it all began. After a troubled youth, being shuffled from foster home to foster home, Ron remembers a turning point in his life. “Maxwell Street was a Chicago tourist attraction as well as a place to sell all sorts of goods. The first time I went there, the proverbial light bulb went on in my head. I saw all these people selling products, making sales, pocketing money, and my mind went racing. I can do what they’re doing, I thought, but I think I can do it better” said Popeil.

And “did it” he has. The self-made millionaire is the consummate American entrepreneurial success story. Ron “Ronco” Popeil is no doubt one of America’s most unique inventors. Over the past fifty years, his products have pulled in more than \$2 billion in sales. Today Popeil is still going strong, even after selling Ronco in 2004. The iconic Ronco brand and its innovative products continue under the ownership of Austin-based Ronco Holdings, Inc. Ron resides in California where he continues to invent and enjoys spending time with his family!

Even Mr. Popeil is probably embarrassed by what’s happened to his former company. Oh, wait – he’s a billionaire. Never mind.

Facebook IPO Redux: Henry Blodget Would Like a Word

Gee, I wonder why all those sophisticated investors suddenly decided they didn’t want a piece of Facebook after all? Oh, wait, I’ve got a pretty good idea. (\$1 to Marty Feldman, go watch Young Frankenstein, you can’t possibly see it too many times.)

Facebook IPO: Zuckerberg IQ >>>>>>>>>>
Morgan Stanley IQ

GonzoEcon congratulates Mr. Zuckerberg on outsmarting Wall Street.