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Is NVEC a fraud?

asensio.com readers are aware of Dan Baker's, NVE Corporation's (NASDAQ: NVEC, \$14.79) CEO, [questionable professional career](http://www.asensio.com/Reports/ReportView.aspx?ReportId=545&CompanyId=140&CompanyName=NVE+Corporation "questionable professional career ") and NVE's even more [questionable Magneto-resistive Random Access Memory \("MRAM"\) technology claims](http://www.asensio.com/Reports/ReportView.aspx?ReportId=569&CompanyId=140&CompanyName=NVE+Corporation "questionable Magneto-resistive Random Access Memory ("). NVE's stock rose from \$4 to a high of \$69.69 based on those MRAM claims. Dan Baker and virtually all of NVE's insiders used this rise to dump their NVE shares on the public at prices as high as \$60.34. Yesterday NVE's stock hit a "post-promotion" low of \$14.29.

We remain firmly convinced that NVE's management is very questionable and that its self-described MRAM technology has no material commercial value, and that its patents are both immaterial and unenforceable. We have published details of our evaluation of NVE's management, patents and their commercial application. Therefore, we believe NVE's stock is as worthless today as it was in June 2003 when Josh Wolfe of the Forbes Wolfe Nanotech Report started writing positively about NVE. The stock was then \$6.98.

Mr. Wolfe has been NVE's and Dan Baker's staunchest promoter. NVE's insiders took full advantage of Mr. Wolfe's partnership with Forbes. While Forbes Wolfe hyped NVE's prospects, NVE's insiders sold their stock. The almost 80% well-deserved decline in NVE's stock price that Mr. Wolfe has witnessed has not caused him to pause. Two days ago, after NVE's best-promotable fact, its Cypress Semiconductor Corporation (NYSE: CY, \$13.25) dealings, evaporated, Mr. Wolfe again wrote in support of NVE stating "NVE still owns the watershed patents for MRAM."

There are many supposedly correct sources responsible for NVE's undeserved rise. Shortly after Forbes Wolfe started its coverage, NVE was placed on the notorious Investor's Business Daily ("IBD") 100. This was followed by an IBD article claiming NVE was helping market MRAM, which quoted Dan Baker stating "This could be as important as the development of computer memory itself." IBD ended the article by quoting Dan Baker as saying "This is a fabulous technology. It's one of those things that comes along once in a lifetime." Such talk paid-off for Dan Baker. His "once in a lifetime" opportunity came just four months later. In January 2004 Dan Baker sold virtually every NVE share he owned at an average price of \$57.51 per share.

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