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Fox Meyer lives

IN THE DAYS when junk bonds were very salable, FoxMeyer Health grew overnight to become a drug wholesaler with $5 billion in revenues. In 1996 the highly leveraged company went bust, and McKesson bought most of its assets. The shell of FoxMeyer survived under the name Avatex Corp. **avax** (nasdaq: avax), and, in the view of some sharp-eyed vulture investors, the Dallas-based company has value. Its assets include $268 million in tax-loss carryforwards, a 38% interest in drug retail chain Phar-Mor (a stake perhaps worth at least $25 million) and some commercial real estate in Manhattan. Phar-Mor itself went bankrupt in 1992 after a financial scandal but is now a profitable chain with $1.1 billion in sales.

Both Phar-Mor and Avatex are co-chaired by Abbey Butler and Melvyn Estrin, New York financiers who play their cards close to the vest. But one enterprising analyst who has deconstructed the balance sheet is Lawrence P. Caplan, a Drexel Burnham alumnus now with Noble Financial Group. Caplan estimates that the assets of Avatex are worth at least $117 million, net of debt, while the company's common and preferred shares carry a combined market value of only $50 million.

Common shares of Avatex sell for $1.25, but Caplan thinks the best way to buy into the company is through one of its two classes of preferred stock, a $4.20 cumulative exchangeable series A preferred (AVAX P) and $5 cumulative convertible preferred (AVAX O). Litigation between holders of the preferred and the company over a proposed recapitalization reached this compromise: The holder of each cumulative convertible preferred share gets either 9.1 shares of common (the other preferred holders get 7.3 shares of common) or a package of cash, notes and warrants. Caplan's recommendation: Buy the AVAX O, recently trading at $10, and take the share exchange. -LEIGH GALLAGHER Whale blubber Here's another doozy from Whale Securities: ParkerVision, an audiovisual and wireless technology firm with small revenue ($10 million in 1998) and a big market capitalization ($330 million under the Nasdaq ticker prkr). ParkerVision boasts that its revolutionary technology simplifies the signal separation process in wireless communication. The stock has more than doubled, from $12 to $28, in the past 12 months.

But there is currently a brawl between the company and renowned short-seller Manuel Asensio. Here is Asensio's case.

The Jacksonville, Fla.-based ParkerVision has not released any product specifications since it first started talking about its technology three years ago. Instead, it issued a press release in March 1998 touting successful product testing at Boeing. Dale Klotz, manager of radio frequency development at Boeing, performed the test. We asked Klotz about it. "They had to change some of their performance specifications," he says. "And it didn't do anything better, or faster, or more efficiently than we could do in a number of ways. We didn't know what was in their product, either. It was a black box test. It could have been anybody's part." Klotz says that after the press release came out, ParkerVision didn't return his phone calls.

In late 1998 Questar InfoComm, a subsidiary of the big Salt Lake City-based energy firm, hired a consultant to test ParkerVision's product. ParkerVision put out a boastful press release about the test. The tester is now on ParkerVision's payroll.

To pay its bills ParkerVision has floated $28 million in dilutive offshore equity offerings via below-market options to an entity called Banca del Gottardo of Switzerland.

The lone bullish analyst works for ParkerVision's underwriter, Whale Securities. Whale specializes in smallish firms with grandiose ambitions. Over the years it has paid at least $900,000 in fines to the NASD for such transgressions as stock manipulation. ParkerVision claims that the shorts are desperate and that a big announcement is imminent. Avoid the stock. -Dolly Setton Flat panel play THE CATHODE RAY TUBE is dying; long live the flat panel. As Apple Computer, Mitsubishi, Samsung, Sharp and Sony sell more flat screens to PC users, sales orders flood into Genesis Microchip, a firm in Thornhill, Ont. that designs and markets specialized chips that are needed to make the flat panels run. The chips take digital signals and convert them into onscreen images.

Sales by Genesis **gnss** (nasdaq: gnss) for the June 30 quarter were up 183% to $16.3 million. With a market cap of $360 million, this little firm is trading at 10 times trailing 12-month sales and 60 times earnings. But Kevin Landis, portfolio manager of Firsthand Funds of San Jose, Calif., says the stock is still cheap at a recent $25: "This company is a little surfboard riding a big wave." -ANNE GRANFIELD Power semi-conductors INTERNATIONAL RECTIFIER CORP. **irf** (nyse: irf), born in 1947 at the dawn of the solid-state era, has been largely forgotten in Silicon Valley's stampede to wealth. Most of the semiconductors you read about consume minute trickles of electricity in shuttling data about. This firm makes power semiconductors, which dish out torrents of electrons. A rectifier is something that converts alternating current (what comes out of a wall socket) to direct current (the kind of electricity made by a battery). IR's products are also used in motor controls and portable electronic devices.

The El Segundo, Calif.-based firm is the biggest player in power chips, with a 20% market share. In the year ended June 1999 IR earned only $6.2 million on $545 million in revenues. But Jonathan Joseph, analyst with Salomon Smith Barney, expects sales of $664 million for the current year and a rebound in profits to $38 million, or 72 cents a share. At a recent $16, IR trades at 20 times that earnings figure. Competitor ST Microelectronics sells for more like 30 times coming earnings. IR is a buy, says Joseph. -OM MALIK