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Why I bet on the Internet by Andy Grove

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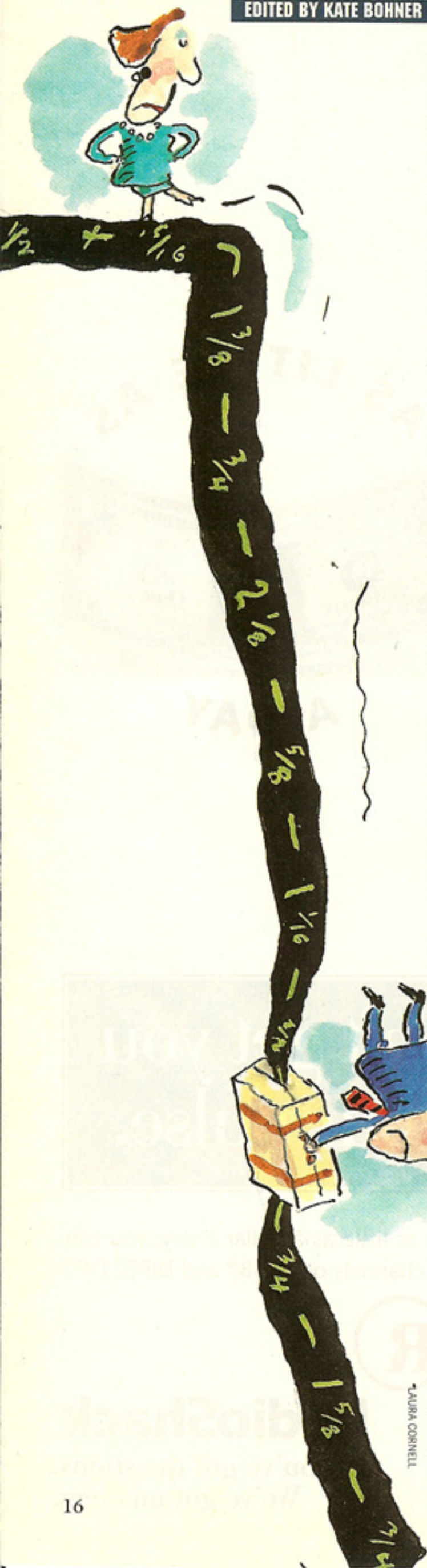
TOP 40 ENTERTAINERS

Four middle-aged guys decide it's time to save for retirement



RETREAD ROCK '96





MESSY DIVORCES among prominent people keep gossip columnists in material, and who doesn't get a little satisfaction out of the vicissitudes of the rich and powerful? However, these days the ramifications often spill over to the financial pages—what with community property laws. Moral: It's getting harder to keep your private life and your business life separate. Herewith, *Informer* offers two cautionary tales:

Trip trips...

THE EVER FLAMBOYANT Trip Hawkins founded Electronic Arts, the electronic software publisher. He went on to start the 3DO Company—a venture he thought up to design and manufacture a hot new videogame that would leapfrog competitors Nintendo and Sega.

Very much his helpmate on this colorful journey was his elegant auburn-haired wife, Diana, a Harvard Ph.D.

The couple raised \$48 million for 3DO in an initial public offering in 1993—valuing the company at \$375 million—this about six months before any hardware hit the shelves. Remarkable, in light of the company's current standing in the investment community.

At 39, Trip was rich. To boot: The brainy entrepreneur was named in 1995 as one of *People* magazine's most beautiful people in the world.

Then business soured. Trip and Diana split earlier this year, we are told, around February.

But what about all of his backers, investors, friends and the like who had signed on not just to 3DO, but possibly to the team of Trip and his wife? Earlier this summer the entrepreneur-turned-scribe sent a gushy letter to some close friends. In it he explains

how he found true love and inner peace with a woman rumored to be his personal trainer. If he hoped to get sympathy the letter backfired. "This did nothing for Trip's burgeoning reputation as impetuous," says Timothy Bajarin, an analyst at San Jose, Calif.-based Creative Strategies. Since Trip's troubles this spring, the stock has fallen to just above \$8.

Catherine's casualty

IN 1983 THOMAS CASEY came on as chief executive officer of Audre Recognition Systems, a San Diego-based image-scanning software startup. Two years later his wife, Catherine, filed for divorce. In the settlement, she was offered both cash and stock in the public company. The stock not being worth much, she chose to go with a cash-heavy settlement.

But eight years later her ex-husband's company was thriving—its sales almost tripling between 1992 and 1993, to \$2.38 million, and its future bright. Catherine Casey sued again, naming Audre Recognition Systems as codefendant.

The Orange County Superior Court judge assigned to the case held for Catherine and, last September, awarded her more than \$11 million and 2 million shares worth of Audre stock.

Although Tom Casey complains that the judge failed to recognize the difference between a public and a private company, the company now needed to put up an \$18 million bond—one-and-a-half times the estimated value of the judgment as mandated by California law—in order to stop Catherine from collecting. That was more than the company could come up with.

A few days after the decision, Audre filed for bankruptcy—in large part to dodge the settlement. And in January Casey was removed as chief executive. Audre has been trying to reorganize under Chapter 11 for nearly a year.