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Investors turn to Lutz man's site for IPO insights

By [Helen Huntley](#), Times Personal Finance Editor
In print: Sunday, June 15, 2008

Scott Sweet opened his first brokerage account at 15 and never looked back.

"I used money I earned from my trusty snow shoveling and my paper route," said Sweet, who grew up in Boston. Fascinated by the way little companies can grow into big ones, he began buying shares in initial public offerings, the first public sales of a company's stock.

Thirty-five years later, Sweet analyzes IPOs from his home in Lutz and sells his ratings through his IPO Boutique Web site, ipoboutique.com. His goal is to identify the most promising IPOs and help subscribers steer clear of the duds. Since January 2006, he has analyzed 393 offerings and given about a fourth of them a "strong buy" or better rating. On average, the "strong buys" were up 27 percent their first day of trading, the "strongest buys" up 56 percent. He posts his win-loss record on his Web site.

A recent winner: Intrepid Potash, which mines potash, an ingredient in fertilizer. The company's shares were priced at \$32 in the April IPO and jumped 58 percent the first day of trading.

"He made us more money in 2007 than anything else we did," said subscriber Doug Martin, a Dallas money manager. "This year his disciplined approach saved us a lot of money by not chasing the few IPOs out there."

Sweet won't say how many subscribers he has, but they pay \$995 a year or \$119 a month for his advice.

Getting Sweet's advice is easier than capitalizing on it. If you wait until an IPO begins trading to buy shares, you've already missed a big part of the gain. During the past four years, IPOs began trading an average of 11 percent above their initial offering prices, according to IPO Boutique's research.

The problem: Investors typically can't

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[KATHLEEN FLYNN | Times]

Scott Sweet runs ipoboutique.com from home. Since January 2006, he has analyzed 393 offerings. Subscribers pay \$995 a year or \$119 a month for his advice.

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get shares in the best offerings unless they are customers of a brokerage firm involved in the underwriting, and even then, the number of shares they get is limited. Sweet has had as many as 62 brokerage accounts to facilitate his own trading, although now he's down to eight. He sells his secrets for setting up accounts as a premium service.

Business News Video



"No one ever gets enough shares on the hot issues," Sweet said. "If I did, I'd be on a boat in the Caribbean fishing."

Instead, he's at his computer, analyzing forthcoming deals. Sweet's background is in accounting and financial software, the field he was in before he set out in 1992 to manage his own money. He uses a wheelchair or walker and speaks slowly because of a neurological condition known as Lance-Adams syndrome, related to a traumatic brain injury five years ago.

IPO Boutique was born in 2005 when Sweet and Walt Horn met through an Internet forum discussing IPOs. Their common interest developed into a business partnership. Sweet does the analysis, assigns the ratings and talks to the media; he says he has been quoted by 117 publications. Horn, who lives in Pittsburgh, handles Web site administration and customer relationships.

Last year was one of the best years for IPOs since the heady days of the high-tech boom. There were 234 deals raising \$54-billion, according to IPO Boutique research. This year, as the stock market has faltered, so has the IPO business.

"This is the slowest period in 10 years," Sweet said. "The IPO pipeline is fairly full, meaning the deals are ready, but the public has not been receptive. There's a whole lot less speculative money out there. People are not really interested in newer, relatively unproven IPOs when big companies are being hammered day after day."

But Sweet's subscribers are sticking with him.

"He's unbiased, and he gives you the straight scoop on these companies," said Howard Toder, a Chicago trader.

. FAST FACTS

Initial public offerings

2005 2006 2007

Number 194 198 234

Proceeds in billions \$34 \$43 \$54

Average annual price increase 18% 26% 13%

Source: IPO Boutique

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