

Is Elizabeth Holmes a hero or a thief?

Last year, Elizabeth Holmes topped the [FORBES list of America's Richest Self-Made Women](#) with a net worth of \$4.5 billion. Today, FORBES is lowering our estimate of her net worth to nothing. Theranos had no comment.

JUN 1, 2016 @ 06:00 AM 355,788 VIEWS

From \$4.5 Billion To Nothing: Forbes Revises Estimated Net Worth Of Theranos Founder Elizabeth Holmes

 **Matthew Herper**, FORBES STAFF 
I cover science and medicine, and believe this is biology's century.
[FULL BIO](#) 

This story appears in the June 21, 2016 issue of Forbes.
[Subscribe](#)



Elizabeth Holmes speaking at the Forbes Healthcare Summit last December.

Forbes admitted: we were wrong. Any apologise, no sorry, just: "Our estimate of Holmes' wealth was based entirely on her 50% stake in Theranos..." then "Theranos shares are not traded on any stock market (now); private investors purchased stakes in 2014 at a price that implied a \$9 billion valuation for the company..." then "FORBES spoke to a dozen venture capitalists, analysts and industry experts and concluded that a more realistic value for Theranos is \$800 million, rather than \$9 billion" then "...It also represents a generous multiple of the company's sales, which FORBES learned about from a person familiar with Theranos' finances".

"Here are three reasons FORBES lowered our estimated value of the blood testing company:

- Too much is unknown.** Everything but the \$9 billion valuation is secret. Theranos said it would replace traditional blood tests, in which a needle is used to extract blood into a vial, with machines that could do dozens of tests on a drop of blood taken from a finger. But it has presented no data proving its systems work.
- Theranos has not delivered.** Holmes has been promising to publish data for six months, but hadn't submitted a single paper as of April. She initially presented the Food and Drug Administration's approval of a single test for herpes virus as proof that her technology worked...
- Theranos' target market may not exist.** Theranos, which charges less per test, would need to dramatically improve margins on its tests, as well as get many more people to take its blood tests. "

What world we are living in, where a 19 years old girl can fund a corporation, get millions from professional investors and before turn 32, gather billions by the stock market from private families and small investors without a proper control on what she is really doing?

We can't say here if she is guilty of fraud or what really happened there, we can only see how the world of finance has skyrocketed Holmes as an entrepreneurial hero without control. Now that controls are in place it seems that it was a fake. Yes, a whole fake, not only something missing or some mistakes, the technology that would have overcome the classical blood test method it seems that simply hasn't been developed yet, probably is not possible and if also it could be, the business model won't work. Does it look like another "Enron"? Is she another Jeffrey Skilling? Clearly it seems that America is the country of freedom that really allows pirates entrepreneurs gathering billions from private citizen like Michael Douglas as Gordon Gekko in *Wall Street* (1987) or Leonardo di Caprio as Jordan Belfort in *The Wolf of Wall Street* (2014).

Maybe people need to believe in someone good and successful to which rely and simply invest their money with no hassle. Elizabeth Holmes was perfect: a young pretty girl from a wealth family, no degree but a bright idea (no matter if that idea can really work), strong and brave and a very good communicator.

The American Dream: be smart, get success and become rich. Meanwhile this dream glimmers for people, is not clear how it attracts also professional investors! How can it be that professional investors put their money into an enterprise without having enough control? \$724 millions is not a tiny amount, and that investment has boosted the company to rise \$9 billions of "value" on the stock market, gathering money from ignorant citizens that rely on the finance world, the same financial world that has already created the ".com" bubble once at the end of 20th century and then the "real estate" bubble up to the 2008. That "financial industry" that now owns Preferred Shares of Theranos Inc.: if something is wrong venture capitalists won't lose their money.



There are millions of young people out there that are attracted by the dream of developing their own business, many of them are honest and good guys and girls that simply rely on the opportunity to create their future. For the most of them it is pretty hard to find the money to support their ideas. What really helps, in getting investment into someone's business today, is the ability to communicate and be persuasive more than anything else. The more you are able to persuade people, the more investors you will convince, the more money you will get. And persuasion, as Robert Cialdini taught us, is not based on real facts, the art of persuasion relies on the communicative ability not on the real elements that make you right.

Venture capitalists seem have the Saint Graal of the knowledge about business, they seem judge properly ideas and business ventures in order to be safe about their investments. Now, if the charge to Elisabeth will be confirmed, the situation seems slightly dark: the venture capitalists didn't know about the fraud? If so, the only reason could be that they are incompetents and the system doesn't work - but we were already aware of it having watched those movies -. On the other hand if the venture capitalists were well aware about the big fraud, it means that they have got the advantage of keeping safe their investment and those money boosted Theranos' shares value up to \$9 billions. The questions are: Who sold those shares? Who has got billions of profit?

Among all those millions of young who are building their future by developing honest businesses, there are some of them which are only focused on make money, no matter how. And, it seems, there is a system that make profits on them. No matter what they do. Is this the American Dream? Just make money not matter how?

Probably the bad and the good are hard to share properly: no system is perfect and there are around the world even worst systems in managing economies and citizen freedom, but we could learn by the failure of the american system and create a better environment in which freedom doesn't go without control. Like an old Italian motto says: "Trust with no control is faith, and I don't believe either in God." Maybe Americans are too religious...



Unfortunately America is going to vote for president nowadays and Donald Trump seems having possibilities to win, and this month United Kingdom is going to vote for leaving Europe: the Brexit. If those two results will be achieved probably we will see a dark time furthermore. Rumours say that Donald Trump is a shark in making money - do you believed he was a priest?- What values he will bring into politics and social issues it's something that nobody knows, but some can already figured it out.

And what will be about the UK economy if this country won't belong to Europe anymore? Who will buy property in London to sustain building industry and property value that made British so rich? How the financial market will work outside Europe?

Then yes, we should be able to invest supporting new ideas and rewarding innovators for their contribution to improve our lives, but our societies can't allow any shortcut to become rich. More, be rich wouldn't be the target of the life, have a life rich of love, emotions and happiness can be the life's goal. That's the change we have to nurture into people minds.