

# SPECIAL REPORT

November 23, 2011

## **SPECIAL THANKSGIVING 2011 BLOG**

### **Three Holiday Treats and Turkeys**

Well, Turkey Day is upon us. In honor of this joyous holiday, we feature three treats (attractive buys) and 3 turkeys (stocks to sell or avoid.)

#### *Treats:*

##### Glu Mobile, Inc: (NASDAQ - GLUU)

We are in the early innings of an incredibly fast-growing industry in mobile applications. An emerging leader in this high-growth sector is social games and Mobile App developer for smartphones and tablets is Glu Mobile (NASDAQ – GLUU.) GLU announced 3Q11 results on November 3, 2011, and sales results were staggering. Smartphone revenue and freemium revenue (similar to in-app advertising or micro transactions) grew by over 300%, year-over-year. The stock is under \$3.00 and has a year-high of \$6.10. There is pretty good Street research coverage of the stock with most analysts rating the stock a Buy and featuring price one-year targets of \$5-6.

##### QC Holdings, Inc.: (NASDAQ – QCCO)

We are at the starting gate of the holiday buying season and some people operate at the high-end, while a sizable portion of the consuming public is struggling. QC Holdings is there to help things along. QC Holdings, Inc. (NASDAQ- QCCO) is a leading provider of short-term (payday) loans in the United States and Canada. In the U.S. QC offers various products, including payday, installment and title loans, check cashing, debit cards and money transfer services, and consumer Internet lending in

Canada. The stock is inexpensive at under \$4.00 and it should be noted that the CEO recently bought 69,000 shares at \$4.13. Plus, the stock actually pays a 5.2% dividend. Investors can enjoy the dividend plus what we believe could be a 30-40% rise in the stock price.

#### Charming Shoppes, Inc. (NASDAQ – CHRS)

I am going to get in trouble for this, but trouble be damned! A fact is a fact. Our society is “living large.” The average women’s size in the U.S. is now firmly in the plus-sized category. Along with the larger sizes come smaller numbers of “Benjamins” in those purses. Charming Shoppes is a plus-size specialty apparel retailer with such retail brands as Lane Bryant, Fashion Bug and Catherine’s Plus. The retailer is also notes for its reasonable price category. The stock trades around \$3.50, and with a good holiday season, could approach the \$5.00 level.

#### *Turkeys:*

#### Cosi, Inc. (NASDAQ – COSI)

Cosi is a restaurant chain that sells sandwiches, salads, flat breads, etc. The bottom line here is the chain continues to generate negative same-store sales results, and it appears to us that the public just does not have a taste for the food and investors should not considering acquiring a taste for the stock. Cosi launched a new menu that may help stem some of the traffic declines, but with lower lunch and dinner traffic and sales, it may not be enough. The stock trades around \$0.70, but we would not be surprised to see the stock fall below its 52-week low of \$0.56

#### Regions Financial Corporation (NYSE – RF)

While this regional bank has a market cap of close to \$5B, the fact that the stock is under \$4 indicates all is not well. The Company *needs* to raise money in order to shore up the balance sheet. This is no secret to Regions-watchers. The plan (for months) has been to sell its highly regarded Morgan Keegan investment bank. Rumors are that Stifel Financial is the target acquirer. However, given that it is known the unit is for sale, and Regions needs the cash, and the investment banking business isn’t exactly on fire, we expect that Stifel will either take its time to close the deal or low-ball Regions.

The stock has stayed aloft pending this transaction. Plus, while the stock will likely rise upon an announcement, we think the rise will be short-lived. In our view, Regions, like other financials of its ilk, should just be avoided.

Novelos Therapeutics Inc. (OTC:QB – NVLT)

Novelos is a biopharmaceutical company engaged in developing treatments for cancer and hepatitis. I'll make it simple. I am not that impressed with management's capabilities or the technology/approach. How is that for straight-forward?

Happy Thanksgiving.

Until next week....

**Analyst: Robert Goldman**

Rob Goldman has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell-side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

**Analyst Certification**

I, Robert Goldman, hereby certify that the view expressed in this newsletter report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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