

ONESHARE.COM SELLS BIG-NAME STOCKS A SHARE AT A TIME

By Fred Sandsmark

One of the numbers you often see in stock reports is volume — the number of individual shares of stock that change hands in a single day. With today's huge institutional investors and speedy electronic trading, it's not unusual for the volume to reach a billion — yes, billion — shares a day.

In that context, it seems unusual to sell just one share of stock. But that's exactly what OneShare.com <<http://www.oneshare.com>> does: it sells single shares of about 100 different stocks, ranging from AT&T to the World Wrestling Federation.

Lance Lee, a former broker, founded San Francisco-based OneShare.com in 1996 and remains the company's CEO. "I noticed that people were trying to transact single shares," Lee recalled. "My bro-

kerage, like most brokerages, really discouraged it. It's actually very costly for the company."

So Lee started a company specifically to sell single shares. Oneshare.com began as a direct-mail business, but has grown into a busy online operation, with two-thirds of its business done over the Web. The company has sold 35,000 shares since it was founded.

Lee estimates that 30 percent of the stocks he's sold are bought for children, by their parents or grandparents, to mark special events or to teach kids about investing. His company serves this market with a colorful "My First Stock" frame and tutorial brochure. Oneshare.com provides its service for about \$30 a share (plus the cost of the stock and optional framing). That may sound steep, but when compared with a broker, it's not bad. "If you go to a deep-discount broker, their com-

mission might be just \$8," explained Lee. "But their certificate fee might be \$25. It can add up."

And in spite of those fees, a broker might not treat the expensive piece of paper with care. For example, many brokerages fold certificates for mailing. OneShare.com ships them flat, since many customers display the certificates like works of art. A prime example is Disney stock (OneShare.com's best-seller), which features a image of Walt with Mickey, Minnie, Donald, Goofy and other characters.

But stock certificates are more than pretty pictures. Each share of stock comes with rights and privileges. For example, every shareholder receives the company's annual report, and can attend — and vote at — the company's annual shareholders' meeting. (In darker days at Apple Computer in 1986, Steve Jobs sold all but one of his shares of Apple stock. He unloaded the shares to protest John Scully's management, but he still

wanted to attend Apple's annual meeting.)

Some companies even send gifts to their shareholders — for example, McDonalds has sent coupons for food, and Wrigley has sent chewing gum. Companies that pay dividends mail checks (sometimes for just pennies per share) to shareholders.

And in select cases, a single share can confer the right to invest in the company without using a broker. This is called a Direct Reinvestment Plan (DRP). Shareholders in companies with DRPs (some examples are Campbell's Soup and General Electric) can invest as little as \$10 per month, while some DRPs allow monthly purchases of up to \$10,000.

But OneShare.com doesn't oversell these programs; its goal remains educational. "Our aim is to teach people about the fundamentals of stock investing," said Lee. "And not to make day traders," he added with a chuckle. ■