

BUSINESS

Short seller throws Loop for a loop

The short seller Hindenburg Research has launched a broadside against Loop Industries, saying that the firm, which is developing a process to depolymerize postconsumer polyethylene terephthalate into dimethyl terephthalate and ethylene glycol, is “smoke and mirrors with no viable technology.” Short sellers place bets against companies whose shares they think are overvalued and often issue reports to depress their targets’ stock prices. Based on purported interviews with former employees, Hindenburg says Loop kept separate labs. One was a secretive lab for a team of two brothers and their father, whose technology the company was founded on; the second housed its other scientists. The former employees say the first lab sometimes produced results that to them seemed impossible. The former employees also maintain they weren’t able to clear hurdles like purification of ethylene glycol, which was chronically contaminated with dyes. Loop’s stock, which trades on NASDAQ, lost more than a third of its value after the Hindenburg report. Loop says the report contains factual inaccuracies and is based on an older version of its technology.—ALEX TULLO