

Hertz puts brake on libel suit against analyst

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Hertz Global Holdings Inc. has quietly laid down arms in its legal battle against a small research firm that had warned the car rental company could go bankrupt.

A spokesman said Monday that Hertz dropped its libel lawsuit against Audit Integrity Inc., which in September listed the nation's largest car rental company as one of several that faced "the greatest risk of bankruptcy" over the coming 12 months. The Hertz spokesman said the suit would have cost "a lot of time and money" and hence was "not worth pursuing now." ([Read the original story from Oct. 11](#)).

It isn't clear what caused Hertz to change its mind. In the suit filed two months ago, it contended that Audit Integrity published findings that contained false accusations and were made with "a reckless disregard for the truth." Hertz even reached out to other companies identified by Audit Integrity as possible bankruptcy risks, including Macy's and CBS, to see if they would join the fight. None appear to have taken the bait.

Audit Integrity Chief Executive Jack Zwingli argued that Hertz's lawsuit was simply an effort to silence his 15-employee outfit and shackle it with heavy legal costs. The firm added that its conclusions were based on a review of publicly available documents from the company, which had \$8.5 billion in revenue last year. Audit Integrity also fought back by calling on the Securities and Exchange Commission to investigate Hertz, warning that such failed companies as Lehman Brothers tried to silence those who raised questions about them.

Hertz's aborted suit joins the pantheon of other unsuccessful legal efforts by companies to silence disagreeable analysts. Those that brought such actions include BankAtlantic Bancorp, retailer Overstock.com and drug-maker Biovail.

The BankAtlantic case, against well-known financial analyst Dick Bove, is pending, while Overstock got a statement of non-apology from the offending research firm. Biovail's case blew up in its face by triggering SEC and Justice Department investigations that resulted in the company paying millions in fines and pleading guilty to a criminal charge of illegally paying distributors to buy its products.

It's quite possible Hertz decided it didn't want to be associated with such company. The Park Ridge, N.J.-based outfit, which posted a \$1.2 billion net loss last year, also appears to be turning the corner financially. Last month, it reported \$69 million in third-quarter net income—triple the amount from the year-earlier period—although revenues fell by 16%, to \$2.0 billion.

The company also addressed a big problem by successfully refinancing its 2009 debt maturities and a substantial portion of its 2010 obligations.

However, Hertz still has about \$1.5 billion of non-U.S. debt to refinance in the coming year, according to Standard & Poor's. Citing these moves, S&P raised Hertz's outlook to "positive" from "negative" last month.