



Why Facedrive Stock Soared Then Tanked This Week

Description

It's been quite the week for **Facedrive** (TSXV:FD). Those invested in Facedrive stock have been on a wild ride that, frankly, they probably are sick from by now. So, today, let's look at what's been going on with the stock, and what Motley Fool investors need to know.

What happened?

It all started exactly a week ago. At that time, shares of Facedrive stock traded at just \$0.88 per share. Then suddenly, those shares started to climb based on literally no news at all! By Tuesday, Sept. 21, shares reached \$4.42 per share, up 402% in a matter of days.

But then, the opposite happened. The next day, it seemed that those initial investors wanted their winnings quickly. Facedrive stock went into free fall. From the highest point on Tuesday to the lowest point on Wednesday, the [stock lost](#) 36% of its value before the markets closed.

So what?

Motley Fool investors are likely confused on either side of Facedrive stock. On the one hand, it was unclear why the increase happened so quickly. On the other, it's also unclear why there was such a fast selloff. But it looks like it all stems from the same initial point.

About two weeks ago, both the former and incoming chief executive officers (CEOs) of Facedrive stock started selling off the stock in massive amounts. Former CEO Suman Pushparajah pocketed a total of \$2.3 million from selling shares. Furthermore, former CEO Sayan Navaratnam stated he plans to sell nine million of his 30 million shares in the company. Another founder of the company has also sold 800,000 shares recently. And there has been talk of bankruptcy in the near future.

All of these massive sales of Facedrive stock drove the price down, creating a large changing of shares over the next few days. This, of course, led many to believe that Facedrive stock would rally eventually, so the share price below \$1 was a great deal. And they might be right, but others also

latched on far too quickly. Hence the share price catapult by 400%.

Now what?

It's likely that these same shareholders caught on to the fact that there really isn't much behind Facedrive stock at this point. The company continues to operate at a loss, with revenue not coming anywhere close covering those losses quarter over quarter. And not everything can be blamed on COVID-19.

And honestly, analysts are at a loss when it comes to this stock. It's far too new and volatile to come up with any type of forecasting. So, for now, Motley Fool investors would do well to [stay away](#) from Facedrive stock — at least until their own executives are confident to keep it in their own portfolios.

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Date

2025/09/10

Date Created

2021/09/23

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