8 Really Bad Investments That Lost a Bundle

Even the big boys, like Warren Buffett, can lose big bucks on a bad bet

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A million here, a million there and pretty soon an investment can wind up adding up to real losses. What seems like a great idea one day can all too soon turn into an obvious mistake.

We narrowed our hindsight to the recent past, dipping into mostly Web investment history and a few others. The dot-com bubble provided a litany of choices (think pets.com and its famous sock puppet), but it wasn't the only source of bad investments. Even a great investor like Warren Buffet had the misfortune to make our list.

8. Investment: Boo.com

Investor: Omnia fund

Loss: $30.8 million ($42 million today) in 1999

The dot-com bubble led to a lot of big investment losses. One of them was Boo.com, a British website that sold branded fashion apparel online. The company burned through $188 million in investment money in a year and a half. Almost one-sixth of that money belonged to the wealthy Hariri family, which boasted among its members a former prime minister of Lebanon, Rafik Hariri. It might have been a fashionable jump into a dot-com investment, but a poor user interface, a high rate of returns by customers and lower-than-expected sales led to the company's quick demise. Fashionmall.com took over the remains of the company.

7. Investment Flooz.com

Investors: Various venture capitalists

Loss: $35 million ($43.6 million today) in 2001

Why would anyone invest in creating an online currency? We aren't quite sure, but venture capitalists did when they backed flooz.com to the tune of $35 million in 1999. Whoopi Goldberg was enlisted as a spokeswoman. But, alas, despite retailers like Barnes & Noble and Starbucks agreeing to accept the currency, the idea flopped miserably. A Russian credit-card fraud scheme was the final nail in the company's coffin. A competitor, Beenz.com, also failed, closing shop before declaring bankruptcy. Thankfully, Bitcoin is offering the same kind of product for those investors who won't give up on the idea of creating an Internet currency.

6. Investment: Boston Globe

Investor: The New York Times

Loss: Estimated in the hundreds of millions

When The New York Times Co. purchased the Boston Globe in 1993 for $1.1 billion ($1.72 billion today), the price was astounding. Still, despite the record price for the Beantown newspapers and some other media properties, it seemed like The Times could still turn a profit on the deal. Then the Internet changed the newspaper business, and what was once the most valuable newspaper in the world became an albatross around the Gray Lady's neck. An attempt to sell the Globe in 2009 reportedly netted an offer of $59 million plus the assumption of pension obligations. Other newspapers that were part of the Globe chain were sold for $143 million in late 2011. This year, The Times hopes to fetch $150 million for thr Globe and Worcester Telegram.

5. Investment: Pets.com

Investor: Amazon.com (30% stake), others

Loss: $50 million ($68.4 million today) in 2000

A splashy ad campaign (including the Super Bowl), a famous mascot (who doesn't like sock puppets?) and a possible customer base of millions and millions of pet owners just weren't enough. Even $50 million in investment capital couldn't keep the company afloat. Much of the problem can be traced to a business plan that included selling items below cost. Increased sales in 2000 only led to bigger losses and the shuttering of the company.

4. Investment: Webvan

Investors: Benchmark Capital, Sequoia, Goldman Sachs and others

Loss: $800 million ($1.03 billion today) in 2001

It seemed like a good idea at the time. Louis Borders (of bookstore fame) decided grocery delivery would be a profitable business. The idea was to sign up with supermarkets in various markets to deliver orders within 30 minutes and then count the profits. A 1999 initial public offering, with the stock price reaching $26 per share, raised $800 million from investors. Massive startup costs and a lack of business conspired to quickly doom Webvan. In 2000 alone, expenses outweighed revenue by about $525 million. The stock price plummeted to a few pennies. Bankruptcy and closure followed the next year.

3. Investment: ConocoPhillips

Investor: Warren Buffett

Loss: More than $1 billion by 2012

Warren Buffet has had more than a few big paydays as an investor. But the Oracle of Omaha has laid a few eggs, too. One recent example was his buying up of shares in the oil company. Unfortunately for him, much of the investment came at to the top of the oil market. When the market went south, Buffet lost big, to the tune of $1 billion.

2. Investment: Go.com

Investor: Disney

Loss: $2.75 billion ($3.6 billion today) from 1999-2001

This was no Mickey Mouse operation. Well, maybe it was. Toward the end of the last century, the iconic animation and family entertainment company went full bore into the digital age with its launch of an Internet portal site. The site never gained a foothold against competitors like Yahoo and died two years after its start, though still exists as a shell of its former self. Go.com posted losses of $1 billion in 1999 and $900,000 in 2000, leading to a writedown of $750 million in 2001.

1. Investment: AOL Time Warner

Investor: Ted Turner

Loss: $7 billion ($8.9 billion today) in 2002

The “Mouth of the South” invented a new kind of TV news network with CNN and Headline News. Those accomplishments were built upon the success of his cable superstation, TBS. Maybe it was a case of trying too hard to invent the future of media. When Ted Turner’s Time Warner and Steve Case’s AOL merged in 1999, in an all stock deal valued at $350 billion, things didn’t go according to plan. The merged company lost $99 billion—the largest loss in corporate history at the time—which led to Turner’s ouster as chairman and a personal loss of $7 billion as the stock price plummeted. Left with just $2 billion, Turner has turned his attention to various causes, while lamenting cutbacks he has been forced to make to his lifestyle.