THE VANCOUVER SUN

Northfork whiz kid's credentials questioned

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Byline: DAVID BAINES
Source: VANSUN

Dr. Anthony Nobles, one of the key figures behind a high-flying Vancouver Stock Exchange company, portrays himself as an academic wizard.

Nobles - founder, chairman and chief executive officer of Surgical Visions Inc. of California, which is being acquired by VSE-listed Northfork Ventures Ltd. - claims to have three university degrees.

According to Surgical Vision's promotional literature, he earned bachelor of science degrees in electrical engineering from UCLA and in physics from the University of Texas, and a doctorate in biomedical engineering from UCLA (in cooperation with the University of Munich).

But both universities say he never obtained any degrees.

Elsa Gonzales, administrative clerk at the University of Texas in Arlington, said Nobles was a physics student for two years from 1983 to 1985, but never graduated.

And Bill Zahn, assistant supervisor of UCLA's verifications and transcripts division, said nobody by that name has ever attended UCLA.

Nobles could not be reached for comment Thursday. Meanwhile, Northfork stock has been halted while company and VSE officials try to sort fact from fiction.

Northfork's stock price was crawling at 50 cents in early January when, for reasons not yet clear, the stock began to soar. Within a month it hit $2.95.

On Feb. 11, president Leon Nowek announced the company would acquire a 70-per-cent interest in Surgical Visions, which was developing proprietary surgical instruments for use in medical laproscopy.

Purchase price was $5 million US, to be paid in instalments over the next six months.

The brainchild behind Surgical Visions was Nobles, believed to be in his early 20s.

"Dr. Nobles has been instrumental in the development and manufacture of numerous state-of-the-art angioscopy and endoscopy instruments," said one brochure.

"He developed the scope, light source and camera systems for companies such as Baxter, Trimedyne, Saratoga Medical and Karl Storz (Germany)."

The brochure goes on to say he has a dozen U.S. patent applications pending or issued, and more than 50 medical-related inventions in development.

Meanwhile, the company announced it would raise interim funding by selling 1.3 million units - each consisting of one share and one-half warrant - for $2.60 per unit to several private investors.

They included John Mathers, senior vice-president of Brink Hudson & Lefever Ltd. and former chairman of the VSE; Edgar Kaiser Jr., former chairman of the Bank of B.C.; and financial institutions in Geneva, Zurich, Bahrain, London, and Amsterdam.

The main brokers were L.O.M. Western Securities Ltd. and Yorkton Securities Inc.

It was fortuitous timing. By late February, the stock peaked at $4.50.
To satisfy regulatory requirements, Northfork hired consulting firm BDO Dunwoody Ward Mallette to prepare a technical report on Surgicial Visions.
That report repeated "Dr." Nobles academic qualifications, with one minor difference: His doctorate was said to be from the University of Munich in cooperation with UCLA, rather than vice versa.
BDO partner Ian Sutcliffe said his firm does "not necessarily" confirm academic qualifications. "Only if we had reason to doubt them," he said.
The first questions about Nobles' curriculum vitae surfaced three or four weeks ago when Kroll Associates, a huge U.S. investigation firm, made inquiries in Vancouver on behalf of an unidentified investor.
Northfolk lawyer Stephen O'Neill said the company did not learn of a potential problem until June 3, and immediately asked the VSE to halt trading. By that time, the stock had slumped to $2.40.
VSE surveillance manager Alfred Stewart said trading was halted to permit the company to check Nobles' credentials and inquire into the patents on his medical instruments.
"We advised them that the trading halt was not to extend beyond 10 days," he said.
On Monday, when the 10-day period was to expire, the company called and asked for an extension. "They said the matter would be resolved by the end of the week," said Stewart.
O'Neill confirmed the company has negotiated a "settlement" with Nobles and will make an announcement today. He denied his purpose was to keep trading halted until the matter was resolved, thus mitigating any damage to the stock.
"While we have been getting information, the process of resolving the problem has been going on at the same time," he said.
Nobles also served as a director of PLC Systems Inc., a VSE company that jumped to $10.50 in February on the basis of its acquisition of surgical heart laser technology.
PLC Systems, controlled by Vancouver promoter Harry Moll, billed Noble as "one of North America's most accomplished biomedical engineers."
On Feb. 12, when PLC stock was peaking, Nobles exercised options on 15,000 shares at $2.35 per share. His profit, at least on paper, was about $122,000.

THE VANCOUVER SUN

Europeans snap up VSE stocks that make homebodies gag .

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Exhibit B Page 1 of 2

MOST CANADIAN institutional investors politely gag when you ask whether they invest in VSE companies.
"We don't touch them," says Gordon McDougall, president of Connor Clark & Lunn Investment Management Ltd. of Vancouver, which manages $4.3 billion of other people's money.
McDougall says his firm doesn't buy any stock unless it has a three-year record of earnings.
Then the clincher: "Even if we did buy them, the ability to trade in and out of them is controlled by a small group of individuals. It's not a true market."
So why do dozens of European institutions gobble up VSE issues, many of which have pathetic track records?
Take Current Technology, which made headlines in 1990 when ABC-TV's PrimeTime Live caught director Don Farrell telling prospective investors that U.S. Food and Drug Administration approval was just a "pinch" away.
Two years have passed and the company still doesn't have FDA approval. Cumulative losses now total $8.2 million.
But this hasn't deterred European investors. In January, a group of institutions, including Lombard Odier Investments Management Services Ltd. of London, agreed to buy 1.65 million warrants at $3 US each.
Lombard's senior investment manager, Anthony Robinson, was so impressed with the company that he joined its board and received an option to buy 50,000 shares at $3.60.
Within days, the stock doubled and Robinson was showing big paper profits. But alas, some party-pooper decided his relationship with the company was a little too cozy.
"He has received legal advice that his fiduciary duties as an investment manager for Lombard Odier may be in conflict with his duties as a director," the company said in a release.
The Wolverhampton Borough Council Superannuation Fund, a 2-billion government employee pension fund near Birmingham, also invested in Current Technology - and at least 14 other VSE deals.
One was International Safety-Ject Medical Products, which was being promoted by Bo Mortil.
Mortil is best known for his promotion of Bioject Medical Systems, which he ran to $16 3/4 in September 1987 after projecting huge profits. However, it produced nothing but losses and the stock collapsed to a fraction of its former level.
Undeterred, Wolverhampton bought 150,000 shares of Safety-Ject at $1.50 each in May 1990. But alas, the company suffered heavy losses and is now trading at 15 cents.
Wolverhampton has also invested in several companies promoted by Howe Street gadfly Harry Moll.
In May 1990, the fund bought 57,500 units of Unilens Optical at $5 per unit. But like all Moll promotions, the

business didn't live up to its billing.

During the nine months ending March 31, Unilens lost $2.4 million, raising cumulative losses to an astounding $21.1 million. The stock is now trading at the equivalent of 57 cents.

Undaunted, Wolverhampton waded back into the VSE in April, buying 40,000 shares of another Moll deal, Northfork Ventures, at $2.60 per share.

Two months later, Northfork annnounced one of its key people,Anthony Nobles, had misrepresented his academic credentials. The stock has been halted ever since.

The Northfork problem prompted a Birmingham Post reporter to ask the inevitable question: What's a nice fund like Wolverhampton doing in stocks like these?

Fund finance director Brian Bailey deflected the question: "If we lose in one market or one deal, it will have little effect on the fund."

Moll insists these institutions receive no special consideration for investing in his deals. "Just lunch and a cocktail. Or two."

THE VANCOUVER SUN

CORPORATE COUPLING: Moll sights savings in moving in with McDonald: MOLL: Not as liquid any more

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IT WAS a marriage made on Howe Street, if not in heaven.

Harry Moll, promoter of such celebrated Vancouver Stock Exchange deals as Deco Plant Minder and Cross Pacific Pearls, has moved his offices into Noramco Capital Corp., owned by flamboyant promoter Bruce McDonald.

"He will still run his own ship," says McDonald, 53, who has made a fortune promoting mining stocks. "But it will provide an opportunity for me and our companies to invest in a guy who I feel is a winner."

"And vice versa," adds Moll, 57, looking very much the industrialist in his smartly tailored grey suit and silk tie. "If he's got a deal I like, I'll go in on it."

Could this be, as Humphrey Bogart once said, the beginning of a beautiful friendship?

"It's a good match," offers Herb Capozzi, 67, Moll's partner for the past 10 years and now contemplating an employment opportunity with legendary promoter Murray Pezim.

"It's not exactly a marriage made in heaven," counters John Woods, editor of Stockwatch magazine, rating their compatibility quotient at "zero."

What prompted this corporate coupling is not clear. Moll says cost savings were a big factor.

"The overhead in my old office (on the sixth floor of 595 Howe, which he leased for 13 years) was $40,000 to $50,000 per month. I had a lot of people I was supporting who were not contributing. I didn't need the expense or the aggravation."

There have been rumors that Moll, who made a personal profit of $8 million in 1988 when he sold his interest in 3-D Systems Inc. to Swiss-based Ciba-Geigy Ltd., has been suffering financial problems.

Moll insists his net worth is still $10 million to $15 million, including a $1.8 million home in West Vancouver, two Whistler residences worth $1 million, a summer home in Parksville, and millions of dollars worth of stock in his latest promotions, PLC Systems Inc. and Neuro Navigational Inc.

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"However," he conceded, "I'm not as liquid as I used to be."

Indeed, the lease obligations in his former premises were not quite tidied up when he left 2 1/2 weeks ago. On Monday, the bailiff moved in and seized the office furniture and equipment, including Capozzi's personal desk.

Capozzi, who is now using a window sill as his desk, described the seizure "an unfortunate accident. They are going to return it."

Moll claims the bailiff's actions relate to lease obligations incurred by Corhart Management Group Inc., obligations for which he said he is not responsible. A company search, however, showed that Moll is still listed

as Corhart's president.
Several statements of claim have also been filed against Moll in B.C. Supreme Court, including a $92,000 lawsuit filed by a Vancouver laboratory for unpaid assay results. Moll said he has since made arrangements to pay this bill.
There have also been lawsuits for $300,000 and $145,000 filed by investors in Northfork Ventures Inc., halted by VSE officials in June after it was revealed that a key figure behind the company, Dr. Anthony Nobles, was not really a doctor.
Moll said the $145,000 claim, filed by a New Orleans doctor, was settled on Thursday, and the $300,000 claim, filed by Swiss financier Carlo Civelli, is being contested.
"I'm not as financially healthy as I used to be, but I can still pay a couple of hundred grand," he said. "And if it had been a big problem, Bruce's organization would have given me the money."
McDonald said Noramco's organizational system will keep Moll out of trouble in future.
"Harry will use our people to make sure what he is doing is right. That will allow him to go out and do what he does best, and that's raise money."

THE VANCOUVER SUN

Biometric acquiring interest in U.S. firm

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Byline: David Baines, Sun Business Reporter
Source: Vancouver Sun

Biometric Security Corp. looks like a brand-new company with a cutting-edge technology, but behind the glossy brochures are vestiges of the old Vancouver Stock Exchange.

Those vestiges include long-time Howe street promoters who change their businesses ventures with alarming alacrity, park millions of shares in offshore tax and secrecy havens before ramping up their promotions and, in most cases, lose millions of dollars of shareholders' money.

Biometric is acquiring a 45-per-cent interest in Biometric Identification Inc., a California company that has developed a security device which can identify people by their fingerprints.

Purchase price is $5 million, to be paid in instalments over several months.

But this is simply the company's latest reincarnation. Until late last year, it was Sonoma Resources Corp., and before that it was International North America Resources, and before that it was North American Power Petroleums Inc.

President Patrick McCleery, 57, who took the company public with Howe Street promoter Herb Capozzi in 1979, says he was ``just not happy with the returns'' that the company was generating in its mineral pursuits.

In fact, the company has not generated any returns in its 20-year existence.

During the nine months ending September, 1998, it lost another $5.5 million, due mainly to huge writeoffs on account of its mineral properties, raising cumulative losses to more than $10 million.

Along the way, McCleery has taken forays into many other public companies, most notably with his old friend Harry Moll, who has since been blackballed from the Vancouver Stock Exchange for his free-wheeling methods.

McCleery was president of Moll's Northfork Ventures Ltd. in February, 1992 when the company announced it would acquire a 70-per-cent interest in Surgical Visions, a California company that was developing proprietary surgical instruments. Purchase price was $5 million US, to be paid in instalments over six months.

The brainchild behind Surgical Visions was said to be Dr.Anthony Nobles, who purportedly had three degrees, including a doctorate in biomedical engineering from UCLA. Within two months, the stock soared to $4.25 from 50 cents.

It was fortuitous timing for a small group of investors who, days before the announcement, had privately bought one million shares at 40 cents each directly from the company. Those investors included Moll associate Derek Van Laare and Haywood Securities president John Tognetti.

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It was also a timely investment for another group of 23 private investors who, in conjunction with the announcement, bought 1.3 million units -- each unit consisting of one share and a warrant to buy another share -- for $2.60 each.

But the party was spoiled when, less than four months later, reporters revealed that ``Dr.'' Noble was no doctor. In fact, he had no degrees at all. The proposed acquisition was dropped, and so did the stock.

Sonoma was languishing at pennies per share in May 1998 when McCleery announced a private placement of 3,375,000 special warrants at 15 cents each.

Investors included McCleery's wife, Wendy (one million warrants); Swiss bank Cantrade Ormond Burrus, a Swiss bank that has invested in dozens of low-quality VSE issues, (700,000); former Moll associate Paul Banko (70,000): John Wheeler, a senior broker at Goepel McDermid in Vancouver, which would broker subsequent financings (100,000).

Like Northfork, it was good timing for investors. Less than a week later, Sonoma halted trading to announce it would acquire a minority interest in Biometric. Unlike Northfork, however, the stock price did not rise in ensuing months.

To finance the acquisition, Sonoma (which has since changed its name to Biometric Security) has had to issue millions of shares at cheap prices.

In January this year, it sold 11.7 million units at 15 cents each to a variety of private investors. The issue was brokered by Goepel McDermid, which received agents' warrants to buy up to one million shares at 15 cents each.

Most of the units were sold to offshore investors, including 166,667 units to Shalimar Business Services SA, whose shareholder was disclosed as Martin Hubble.

According to Canada Stockwatch records, Hubble was also a shareholder of Lullin Meyer SA, which privately bought shares of Northfork Ventures before Nobles was exposed as an academic fraud.

Also buying 166,667 units was Goepel McDermid broker Ken Hope, one of the principal brokers for CHoPP Computer, a stock promotion orchestrated in the mid-1980s by a disaccredited chartered accountant with the help of a market maker who had been stripped of his broker's licence.

Biometric's stock price remained flat, and in April this year the company sold another 11.7 million units at 15 cents each. Once again, the issue was brokered by Goepel McDermid.

McCleery and his wife bought one million units, and Haywood broker Tognetti, who had earlier participated in the Northfork financing, also bought 666,666 units.

But most of the shares were placed offshore, including 2.3 million to Corevalor Investments & Finance Establishment of Liechtenstein.

Corevalor's shareholder is identified as ``Dr. Steinbrugger" who, according to Canada Stockwatch records, was an officer of Sparten Est, a private Swiss company associated with John Cathersides.

Cathersides was a broker with Kleinwort Benson in London until 1988 when, according to regulatory documents, he resigned for accepting unauthorized payments in the sale of ``a new Canadian securities issue whose shares advanced to an immediate premium in secondary market trading." The issue was not identified.

Before his resignation, Cathersides served as Moll's liaison to several British pension funds, some of which invested in Moll's promotions with disastrous results.

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Another 666,667 units were sold to Brahma Finance BVI Ltd. of the British Virgin Islands.

Brahma was an investor in Donner Minerals along with Howe Street promoter Terry Alexander and host of Swiss banks in 1995 and 1996.

Alexander was recently fined $1.2 million -- the largest in B.C. history -- for secretly selling millions of shares of VSE-listed Arakis Energy through offshore companies.

McCleery claims he does not know who are behind these and many other offshore companies that have invested in Biometric. He referred further questions to Goepel McDermid officials, but they failed to return several telephone calls.

Biometric's stock price has since jumped to 35 cents, providing these lucky investors, whoever they are, with a 100-per-cent return, at least on paper.

However, judging by the way this promotion has been structured, investors are expecting much bigger things.

But even with a proposed one-for-five share rollback, there will still be a large number of cheap shares overhanging the market, which could impair the longer-run performance of the stock.

Keyword Highlighting: On/Off
THE VANCOUVER SUN

Clark had the guts to take on Howe Street: Former premier's initiative cleaned up VSE regulation, only to be squandered by current securities regime

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Byline: David Baines
Column: David Baines
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Exhibit E Page 1 of 2

I was pleased to see former B.C. premier Glen Clark canvassing for The Vancouver Sun Raise-a-Reader literacy charity on Thursday. While some look at Clark and see fast ferries or other fiascos, I see a person who had the guts to take on Howe Street. It is too bad that his initiative is being squandered by the current securities regime.

By early 1993, the Vancouver junior market was in chaos. Local promoters were putting together ridiculous deals. The Vancouver Stock Exchange was eagerly listing them. Investors were getting burned by the score. And the B.C. Securities Commission was unable or unwilling to get a grip on the situation.

It came to a head that spring when Pineridge Capital Corp., a mini-conglomerate put together by promoter Harry Moll, blew up.

For years, Moll had been concocting wild schemes that helped make the VSE the laughingstock of North American stock markets. One was Norfolk Ventures Inc., which announced in February 1992 that it would acquire a company that was developing surgical instruments for use in medical laparoscopy.

The brainchild behind the technology was Dr. Anthony Nobles, who claimed to have a doctorate in biomedical engineering from UCLA. The stock jumped to $4.50, providing early investors, who included Moll and several long-time associates -- Logan Anderson, Derek Van Laare, Chester Kurzawski and Clarion Finanz AG, a Swiss company run by Carlo Civelli -- with the opportunity to make huge trading profits, at least on paper.

Alas, I checked with UCLA and was told that nobody by that name had ever attended the university. The stock collapsed.

Another Moll creation was Cross Pacific Pearls Ltd., which also involved Anderson, Van Laare and Kurzawski. It was growing pearls in giant clams in a pond near Marysville, Calif. Here's how Moll described the business: "We drug them, open them up, implant a nucleus into the heart and put a snippet of another animal in there to fertilize it. Then we close up the clam and put it in the water for 18 months. Then you get a pearl worth $9 or $10. We just love the deal. I mean we got 20,000 of the little rascals there."

Unknown to investors, there were other rascals in the pond. Lab supervisor Jeffrey Christopher later filed an affidavit alleging that company managers had instructed employees to implant clams with store-bought pearls. When investors asked to see a sample, they would be shown a clam with a "perfectly spherical and quality-size

pearl inside."
"It was a big con job," said former employee Cathie Roberts in an interview from California.
At the time, however, investors were in the dark. By January 1992, they had bid up Cross Pacific's share price to $4.30.
Meanwhile, Moll rolled Cross Pacific and several other VSE companies which he controlled into Pineridge Capital Corp., a VSE-listed company which became his flagship. Then he passed control to Swiss concerns and the share price of Pineridge and its subsidiaries went into a free fall.
This generated a lot of adverse publicity for the exchange. The bad press was compounded in October 1992 when police announced that somebody who apparently didn't enjoy my columns had put a contract out on my life.
This was colossally embarrassing for Glen Clark, who was in Europe helping to raise capital for BC Hydro, so he began to make plans to fix this problem. In May 1993, he announced that lawyer James Matkin would conduct a commission of inquiry into regulation of the VSE.
In January 1994, Matkin concluded what everybody already knew, that the VSE was a unregulated swamp. He took aim at the commission which, after all, was supposed to be supervising this mayhem. He also made it clear that, if asked, he would take over Doug Hyndman's position as chairman.
Well, this certainly had the desired results. Hyndman kicked his enforcement group into high gear and the VSE began blackballing undesirable promoters, including Moll, who retreated to Grand Cayman.
Eventually, the VSE was acquired by the Toronto Stock Exchange and evolved into the TSX Venture Exchange, which is generally viewed as a relatively respectable, albeit risky market.
But it is becoming increasingly clear that the bad business didn't really leave the city, it simply moved to the OTC Bulletin Board, a virtually unregulated U.S. market. Same city, same guys, same deals. The only difference is that instead of trading on the TSX Venture Exchange, they trade on the OTCBB.
This week, I learned that Moll and his old buddies from Pineridge days have set up an OTC deal called XLR Medical Corp., whose principal executive offices are located on the 34th floor of Park Place at 666 Burrard.
XLR says it is financing development of a "unique medical technology for control of therapeutic radiation doses."
Moll is the largest shareholder and serves as a director. Anderson is president and Van Laare is secretary.
Kurzawski serves as vice-president of investor relations.
Moll may have physically moved to Grand Cayman, but he is still very much with us, wheeling, dealing and once again threatening to bring our city into disrepute. Dozens of other promoters are doing exactly the same thing.
Hyndman estimates there are now several hundred OTC companies with Vancouver connections.
"This is part of the market that we think deserves more attention," he says. "We spent a long time and a lot of effort dealing with problems, real or perceived, at the VSE to clean up our market, and we do not want to lose all of the progress we have made."
Well, I think it's clear that the progress has already been lost. The exiled promoters -- like hookers -- have simply moved from one corner to another. Vancouver is still known as the Sodom and Gomorrah of financial markets, as evidenced by the Internet stock forums. So far, Hyndman has dealt with the problem by ignoring it, and with little public pressure on him, he can get away with it.
So who's going to fix it? Perhaps it would be timely to bring back the premier in exile. Say what you like about ferries, he knew how a stock market should run.
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