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Reporting Accurate and Objective Information Based on Facts, not Agenda-Setting Theories

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\$cams, \$chemes & \$tocks

Stock Market = Legalize Gambling

Part III

[\(Part I\)](#) [\(Part II\)](#)

How could an area in the middle of a jungle in [Indonesia](#) become **the biggest mining scandal of all time?** It took collaboration.

In 1994 a group of Canadian companies called [Bre-X](#) based in Calgary, Alberta promoted a [mountain of gold](#) in Busang on the Island of Borneo in Indonesia. It was considered the largest gold discovery of the century.

Indonesian [President Suharto](#) wanted to share the wealth and he involved many family members.

There was so much gold that the stockbrokers wanted to share the wealth with their investors, thus equalizing the greed factor. Scammers bet on greed. Many banks and respected mutual funds corporations invested as much as 7-20% of their holdings. As with any major scam, many reputations were compromised.

“[Stooges](#)”, an expression used by a courageous whistleblower named, [John A. Meech](#) are often used to add credibility. Reputable stockbrokers, authors of print media and human billboards touting the greatness of the stock were exploited. How could this happen?

[David Walsh](#) was a former stockbroker. After leaving his job, he set up shop in his basement in 1988 and became CEO and founder of Bre-X. Could the “X” in Bre-X have equaled the unknown factor?

In 1989 he began trading Bre-X on the Alberta Stock Exchange. Having no success with the company, in 1992-93 he declared personal bankruptcy. Refusing to give up, he took his remaining money and met with renowned geologist John Felderhof who founded the [Ok Tedi Mine](#) in Papua-New Guinea in 1968.

Felderhof convinced Walsh there was gold in the Busang area in Indonesia and suggested that Walsh purchase the property. Felderhof hired his geologist friend and peer Michael de Guzman in the Philippines. The drilling began, but the results were not encouraging. Felderhof justified the ‘non-discovery’ of gold by thinking the drilling locations were not definitive or maybe they didn’t apply the correct drilling techniques. After much disappointment, he considered terminating the project. Not wanting to walk away from the project, however, Guzman and associates began [salting](#) the gold samples with gold dust. It is disputed whether Felderhof knew of the ongoing salting.

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Eventually, the stock went from pennies to \$250 USD per share with an eventual split of 10-1. It was the ultimate gold stock until the crash. The stock created a major global crisis in the markets because its shadowy meshing effects. Is the stock market legalized gambling? The rest is history.

When it was revealed that the gold samples were salted with gold dust (which is one of the oldest mining scams), Michael de Guzman, a key geologist for Bre-X committed suicide in 1997 by jumping from a helicopter. However, because a mushy body was found in the jungle devoured by parasites, a partial thumbprint and a few molars, there are questions regarding the identification...especially since one of the wives of polygamist Michael de Guzman claims to have received funds from him via a money order after the reported date of his death. [CEO David Walsh](#) moved to The Bahamas and died of a brain aneurysm in 1998.

[John Felderhof](#) Bre-X's chief geologist was tried and acquitted of insider trading. Felderhof resides in the Caymans.

Although Indonesia suffered the most in the financial crisis from the Bre-X 1997-1998 stock scam, today Indonesia has a strong economy and is one of the [largest economic muslim countries](#).

On October 26, 2010, a [Corruption Perceptions Index](#) was created to measure the perceived levels within 178 countries on a scale of 1-10...10 representing the least corruption. Denmark, New Zealand and Singapore tied for first place with a 9.3. The index score for three quarters of the [178 countries](#) were below a score of five with Afghanistan, Myanmar and Somalia rated the lowest on the index with the most perceived corruption.

Remember: It takes a collaboration of people to scam and victimize successfully. Don't become a statistic. Let others know about the scam and [report it](#).

Suggested Additional Reading:

Former Nasdaq Chairman [Bernard Madoff](#)

The FBI: [Foundation for New Era Philanthropy](#)

Time Magazine: [Too Good To Be True](#)

[When Did The Stock Market Begin?](#)

[Bribe Player's Index](#) by Transparency International