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Investment Newsletter – July 2006

This month's article comes courtesy of our newest associate, Matthias Schoener.

`H0t P3nny St0ckz` – Bad Advice from the Junk Mail Bag

In this installment we are taking a look at stock advice that continually comes at us (and you, we suspect) through our mail boxes, both online and at the door. It's one of the milder annoyances of our lives that, no matter how hard we try to stay off all the mailing lists, on all the do-not-call lists, and current on the Spam filters, the stuff still manages to seep through cracks in our defenses.

The Power of Spam Advice

Let's first take a look at our email Spam folder. The business model driving the run-of-the-mill spam emails is quite obvious. There's a direct transaction proposal behind promises of "low3r mor!gage paymenl", "medz cheap", and other, more sleazy varieties. But the breathless stock tips coming from folks with email addresses like vvwzzyxl@aol.com seem different. They typically don't contain links to web sites, they don't seek contact, and they certainly betray no affiliation with any brokers or advisers. So, where's the profit motive? It's hard to dismiss the idea that vvwzzyxl or his client are simply shareholders who want to sell out, and are trying to find a bigger fool.

We have to wonder:

- Are these emails evidence of pump-and dump schemes?
- If so, do they work, i.e. do they unleash liquidity and rising prices in previously walking-dead stocks?
- If these schemes do work for the promoter, can we as the addressees/victims of the spam exploit it for our own purposes?

To address these questions, I cracked open the "Spam" folder of my e mail program. There, among thousands of unread junk accumulated over the past couple of years, I filtered out all those messages containing the word "stock". In the interest of practicing safe computing, I ignored all those containing attachments. From the rest, I deleted all those that were sent in the last 6 months. Unfortunately, this turned out to be a severe restriction, but I wanted to have enough stock history among the tips I would focus on, to come to some conclusion about their merit. Obviously my final list excludes all those stock tips that came to me from sources such as friends, colleagues, and mailing lists that I subscribe to. All the messages I was left with were clearly unsolicited and from email addresses that I don't know and which I strongly suspect are forged.

Despite these efforts, there may be all sorts of biases present in the resulting data, stemming from my inconsistent use of spam filters, or from periodic fits of email rage during which I may have deleted all recent spam. In the end, I wound up with 40 messages relating to 19 different companies. Obviously, that data is a bit thin for the sweeping generalizations I am about to make, but it's all I have.

As it turned out, my suspicion of pump 'n' dump grew stronger, as I looked at the data. "EXPLOSIVE PICK FOR OUR MEMBERS. TRADING ALERT!" wrote Elijah from his Juno email account. I don't know Elijah, and have no idea why he considers me a "member" nor what group I am supposed to be a member of. But Elijah lets me in on the secret that Allixon International Corporation (AXCP.PK) will shortly explode from their then-current level of $4.25 (as of 9/15/2005). Elijah is not short on specificity, either: $6.50 - $8.50 is his target price for the coming 5 to 7 days, and he offers $9.00 - $12.00 as his projection for the coming 8 to 12 days (I suspect Elijah and I have different concepts of what constitutes a medium term horizon). To support his investment thesis, Elijah's email briefly mentions technology (RFID chips), and raises the specter of foreign government contracts (South Korean agencies, called Ministry of Information and Communication, and a National Computerization Agency). To drive home his point, Elijah concludes his free advice again in all capital letters: "GET AXCP FIRST THING FRIDAY, THIS IS GOING TO EXPLODE IN THE NEXT 2-5 DAYS."

Well, folks, before we examine the results, it's worth looking at the suffix of Allixon's ticker symbol. That ".PK" tells us that this future lion of the RFID sector is not currently traded on any exchange. Instead, its shares are quoted among the "Pink sheets", which refers to the color of the paper, on which these quotation sheets were historically printed on. Nowadays, pink sheet stocks get quoted on online quotation systems such as www.otcbb.com, or www.pinksheets.com. The difference between those and official exchanges like the NYSE, or the NASDAQ system, is that the SEC does not regulate them. Consequently, the disclosure requirements they impose on issuers and market makers are somewhere between lax and non-existent. Many ".PK" stocks offer no audited annual statements, or quarterly statements to the investors; there is no SEC oversight, and typically no coverage from reputable analysts or news outlets. Not surprisingly, all of the 19 stocks I received spam on are quoted in the pink sheets. Since pink sheet companies tend to be much smaller, their stocks suffer from limited liquidity. Finally, these stocks are often “penny stocks”, trading below the $1 per share boundary, imposed by the listing requirements of the official exchanges. 15 of the 19 stocks recommended by my spam messages traded below $1 on the day I was first alerted to them. This penny stock status has a number of draw-backs: First, it amplifies volatility: A minimal 1¢ move represents a 10% swing, if the starting price is 10¢. Next, it drives up transaction costs for most of us: Fidelity, for example, offers most customers a flat rate only for orders below 1,000 shares. For all shares in excess of 1,000, an additional 1.5¢ per share is assessed. Round-trip that’s an additional 3%+ cost on penny stocks that has to be made up through appreciation. Lastly, penny stocks lure investors into a dangerous frame of mind. The famous Peter Lynch illustrated this once perfectly in a presentation, which I can only paraphrase from memory: “People often say to me, ‘Mr. Lynch, this stock costs only $1. How much can I lose?’ I tell them, well, if you buy a million shares, you can lose $1 million.” And the probability of a penny stock going from $1 to 10¢ is certainly vastly greater than that of a large cap going from $30 to $3.

With that in mind, let’s return to Elijah, and his Allixon recommendation. Allixon was not a penny stock, but it was desperately lacking liquidity. Anyone owning the stock (Elijah? His clients?) could not get out of a position, if they wanted to. During the 24 trading days ending 10 days prior to Elijah’s spam, AXCP had an **aggregate** volume of 5,416 shares, and on 9 of these days it did not trade at all. The total value of all transactions (approximated using the mean between daily high and low prices) for that entire period was a pathetic $9,839.50. Anyone wanting to sell enough shares to buy a pizza would invariably drive the price into the ground. If, for argument’s sake we assume that there was indeed a concerted effort by Elijah and his friends to get this stock out of the doldrums, did it work?

Boy, did it ever! During the 24 trading days immediately after the one just outlined, spanning from August 29th, 2005, through September 30th, 2005 (with the email from Elijah, dated 9/15 right in the middle), the total volume jumped to just under 1.9 million shares. The approximate transaction value reached $8.9 million, an almost 1,000 fold increase in liquidity! There was no day within that second period during which the stock didn’t trade. To boot, the stock price, which was just before stuck between $1.25 and $2.75, suddenly ranged from a low of $1.50 to as high as $7.00 in the second 24 day period.

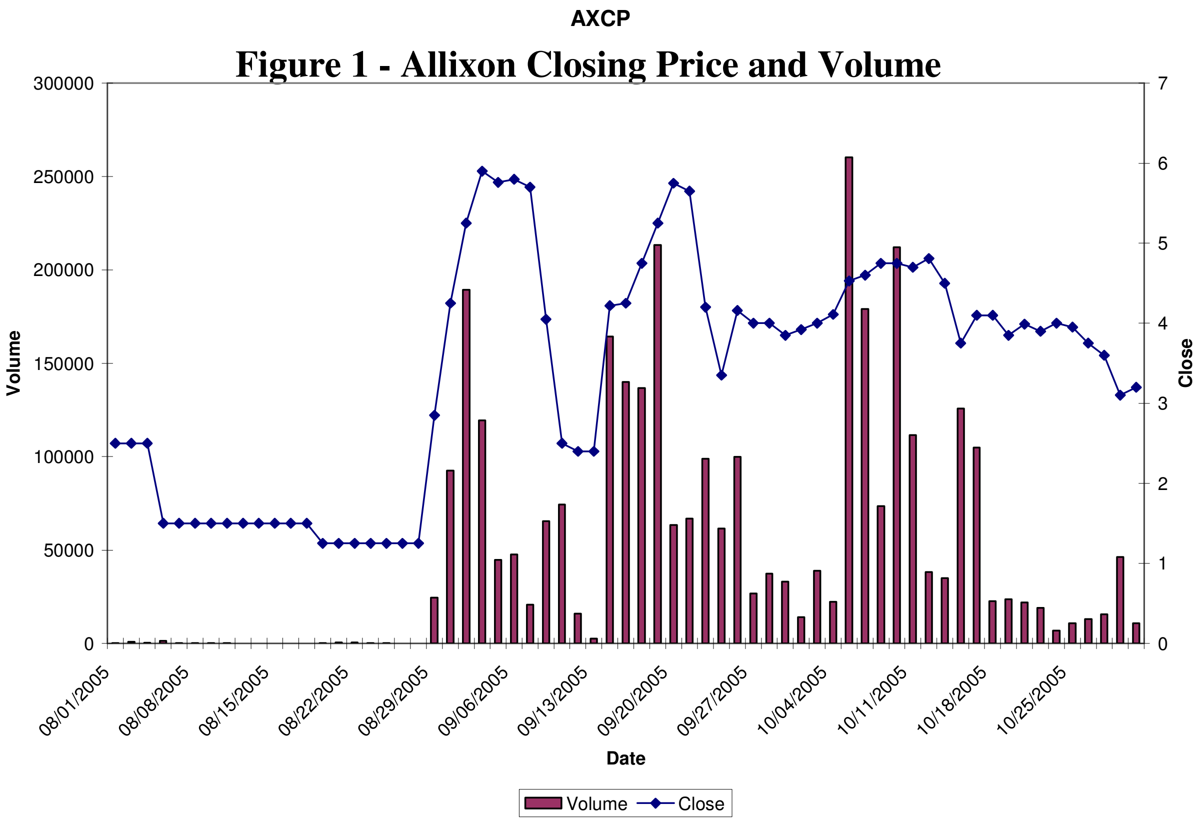

Figure 1 - Allixon Closing Price and Volume

Allixon is not an outlier. The so aptly named Ever-Glory International Group (EGLY.pk), for which I received spam stock alerts on no less than 10 days during January of 2006, and on several occasions multiple messages per day (always from different, fake email addresses), behaved similarly. In the entire 6 week period prior to the arrival of the first message a **combined total** of 4,000 EGLY shares were sold, at an average price of 53¢. In the week following the spam blitz, the volume reached beyond 200,000 shares **per day**, with the price reaching as high as $3.

Does this mean Elijah is part of a nefarious cottage industry that is working to manipulate the price of illiquid securities, bilking unsuspecting investors? Naaaahh, of course not! That would be illegal! But it sure did work out well for some people. Now, for those of us on the receiving end of these spam messages, is there a more lucrative response to such messages, than hitting the delete button in Outlook? Can we get in on the action? Unfortunately, the answer seems to be no. On the day that I got the message on AXCP, the party was already starting to wind down. If I had bought immediately, my position would have been down slightly within a week. A month later I would have been down 3.5%, another two months on my loss would have exceeded 50%, and by now I'd be left with less than 6% of my initial principal (see Appendix A). In fact, of the 19 initial stock tips, only two are still ahead of the price at recommendation (Ever-Glory being one of them). The median loss for the 19 stocks through July 27th would have been an absolutely horrific 71% (details in Appendix A) over a holding period that averages probably well short of one year.

Ironically, the perpetrators of these pump ‘n’ dump assaults are occasionally honest about the nature of their business, if one only reads the fine print. In one message I found the following disclaimer: “This profile is not in any way affiliated with the featured company. We were compensated $3,000 to distribute this report. This report is for entertainment and advertising purposes only, and should not be used as investment advice.” Another spammer admitted being compensated $18,000 for the trouble of email bombing the investing universe with his bogus recommendation. Such honesty seems to do no harm to the enthusiasm of the recipients. By all appearances, stock spam with disclaimers is just as effective in jolting stock price and liquidity, as spam that omits any appeal to rational thought.

Snail Mail Free Sample Newsletter Glossies

Next we will look at another flavor of stock promotion that makes the $3,000 or $18,000 dollar email spam campaigns look like chump change: mail solicitations. Instead of quietly sneaking around your spam filters, these full color, multi-page, over-sized, glossy advertising pieces, stomp into your mail box bold faced, looking vaguely like a monthly investing magazine, and shouting their message in 72 point fonts size.

Those omitting to read the fine print will get the intended impression that the mail piece represents a free special issue of a reputable investment newsletter, letting us in on one great tip in order to entice us to subscribe to the newsletter. See the front cover titles in Figure 2, below, and you’ll know what I mean.

Figure 2 - Front Cover Titles of Various Stock Promotion Advertisements

My sample of stock advertisements suffers similar deficiencies as the data on email stock tips: they may not accurately represent the whole category of such advertisements. This section is based upon a collection of 7 such publications that I happened to have kept over the past 15 months, or so, for the purpose of later going back to check on the performance of the tips. I am sure there have been more such mail solicitations over that period, but I either didn't receive them, or they fell victim to sporadic attempts at uncluttering my office.

Now, whoever thought that the professional investment mavens publishing these newsletters would focus their attention on more established companies would be quickly disappointed. The stocks featured in these "complimentary newsletter issues" are unlisted on any regulated exchange. All of them.

Cutting right to the chase, the performance of these 7 recommendations was once again terrible. The only recommendation that produced any profit over the period came from a promotional edition of David L. Smith's Cyclical Investing (see Figure 3). For James Winston's Growth Stock Report, I cannot calculate a return, since the publication date is uncertain. But his report mentions certain facts about the featured company, MobileGamingNow, which transpired during December 2005. So the publication must have come no earlier than during that month. The stock of MobileGamingNow reached a peak of around $2 during that month, and has been sliding ever since, trading most recently at only $0.25. While Figure 3 shows no return, it is certain that it would be negative.

Figure 3 - Promotional Issues of Investment Newsletters

Editor	Newsletter	Recommended Stock	Ticker	Date of Publication	Stock price at Publication	Stock Price 7/28/2006	Return	Newsletter Home Page	Mentioned in Advertisement	Advertising Budget	Publisher's Direct Compensation
James Winston	Winston's Growth Stock Report	MobileGamingNow, Inc.	MGNLF.PK	unknown	unknown	$ 0.25	N/A	jameswinston.com	No	$ 1,298,000	$ -
Kenneth Coleman	Kenneth Coleman's Investment Tracker	Silver Star Energy, Inc.	SVSE.PK	May-05	$ 0.68	$ 0.12	(82.35%)	www.theinvestmenttracker.com	No	$ 786,676	$ -
Andy Carpenter	Asia Business & Investing	Delta Oil & Gas	DOIG.PK	Oct-05	$ 1.38	$ 1.19	(13.77%)	www.asianbi.com	Yes	$ 1,487,000	$ -
J Taylor	Energy & Tech Stocks	Northwestern Mineral Ventures Inc.	NWTMF.PK	Feb-06	$ 0.73	$ 0.44	(39.73%)	www.miningstocks.com	No	$ 552,050	$ -
David L. Smith	Cyclical Investing	Unicorp, Inc.	UCPI.PK	Jan-06	$ 0.60	$ 0.66	10.00%	none found	N/A	$ 458,862	$ -
Jack Burney	Stock Trader News	HS3 Technology	HSTT.PK	Nov-05	$ 1.00	$ 0.07	(93.00%)	www.stocktradernews.com	No	$ 1,075,000	$ 3,000
James Rapholz	Economic Advice	Barnabus Energy Inc.	BBSE.PK	Feb-06	$ 1.86	$ 1.40	(24.73%)	www.economicadviceinc.com	No	$ 480,099	$ -

Note: Date of Publication was not published for James Winston's Growth Stock Report, for Andy Carpenter's Asia Business & Investing, and for Jack Burney's Stock Trader News. In the case of Asia Business & Investing and Stock Trader News, the month of the publication could be inferred from other information given in the report. For those two cases the Stock price at publication represents the average price during the inferred month of publication. In the other cases, Stock price at Publication represents the close of the last day of the month prior to the official publication month.

The poor performance seems even more troubling, since all but one of the featured stocks are energy stocks, or at least energy related (HSTT is presented as a supplier to oil/gas production companies), and the energy sector has been performing famously over the past 15 months. As an example, the **82% drop** of SVSE compares to a **40% gain** in the Dow Jones iShares US Energy ETF (AMEX: IYE) over the same period.

Hints to the reason of the poor performance can be found in the disclaimers that all of these publications have. Besides admonitions that the presented material is "for entertainment purposes only" and should not be viewed as investment advice, these disclaimers actually describe the economic relationship between the publisher of the advertisement/"complimentary issue", and the publisher of the regular financial newsletter for which the mail piece is seemingly a "special issue". The real key to the mystery is that the two are not the same. The publisher of the "special issue" covers the very substantial costs of the publication (anywhere from just under $500k, to almost $1.5 million), which actually advertises two distinct products: a featured stock, and a subscription to a newsletter. The publisher of the regular newsletter gets to tout their newsletter, and gains new subscribers. In return, they lend whatever name and credibility they have to the purpose of the publisher of the complimentary issue. Such publisher, we have to assume, is a major shareholder in the featured stock, looking to unload their holdings. It's a credit to these publications (or the U.S. securities law, I am not sure), that the disclaimers spell out these relationships pretty clearly.

Outside of the disclaimers, of course, there is no room for skeptical analysis. It's BUY, BUY, BUY! Now, Now, Now! Let's take, for example, Jack Burney's piece on HS3, or Homeland Satellite Security Systems Technology – a company name that must have been picked to cash in on the post-9/11 boom in anti-terror technology. On the front cover we are urged on with this line: "He who hesitates is lost! I believe the time is right for HS3, its services and its stock. ACT NOW – Don't delay!". Other headlines in the report read: "The market for HS3's ultra-high-speed Internet services could hit $2.8 billion annually", and "HSTT could QUADRUPLE your money in just 24 months!", or "8 crucial reasons, why HS3 could make you very, Very, VERY RICH!".

Wow! That's passion. So, how much business do they do, over at HS3? Revenue? Earnings per share (EPS)? Margins? Historical growth? Well, the report doesn't say. Somehow, in this 12 page report full of frenzied description of HS3's future greatness, there is no mention of any of its past achievements. There is techno-babble about technology relating to Ka-band satellites, and how this could be leveraged into all sorts of nifty applications. But there is nothing about the current financial position of the company, its revenue run-rate, or its profitability. I am picking on this one report, because it most offended my sensitivities as an investor, and with a current return of negative 93% it represents the most spectacular fiasco. But really, the others weren't much better.

The only sound advice contained in the HS3 piece is reprinted in tiny type along the top of every other page: "Consult your investment advisor, and do your own due diligence before making any investments." So let's do a bit of that, shall we?

Fortunately, the company has been filing with the Securities Exchange Commission (SEC), so we have a lot more data than we otherwise would. The first issue to come to light is, that the Chief Operating and Financial Officer (COO/CFO), Lougene Baird, prominently profiled in the Stock Trader News report as one of the members of HS3's "world-class management team" resigned, back in March, 2006. She was immediately replaced by Ms. Bonnie McNamara. Three months later, on June 13th, Ms. McNamara also resigned as CFO, and is immediately replaced by Micah Heisler. On the same day, a new Chief Executive Officer (CEO), Michael Edison is also inaugurated and called to serve on the board of directors. On July 5th, all of 22 days later, both resign all their posts. Now, call me crazy, but this kind of management turn-over is just a sign of bad things to come. But this all happened after the special issue of the Stock Trader News, so let's back up some more, and look at how the company presented itself, then. At the time of the report, the company had literally only come into being a few days before. HS3 was incorporated in Nevada in 2003, with the objective of raising capital for mining exploration. The capital didn't come and so the plan was abandoned in October, 2005. The company name was changed to HS3 Technologies, Inc. and on November 5th, right around the time that the company was profiled, HS3 entered into a (reverse) merger with a small Colorado outfit, called IP-Colo Inc. From that point on, the IP-Colo business represented basically all the business operations for HS3. The original HS3 (formerly called Zeno) never had any operations. Of course, none of this slipped into the stock report, since the smell of newness doesn't sell stocks quite as much as it sells cars.

At the end of the September, 2005, just before HS3 merged with IP-Colo, it had accumulated losses of $66,163, and had negative equity of $38,313. The company had no cash. Not exactly an ideal starting point for an acquisition spree to make a splash in a multi-billion dollar business. So how much revenue potential did IP-Colo add? Well, in the most recent quarter prior to merging with HS3, IP-Colo had apparently booked revenue of about $3,500. There was, of course, a substantial loss. We've seen enough.

Does all of this mean that the newsletters featuring these stocks are worthless? Actually, no. For all I know, they may be quite good, though I would obviously not vouch for them. The standard comparison reference for security recommendation newsletters is the Hulbert Financial Digest, a publication of Marketwatch, Inc. Twice annually they issue a comprehensive table featuring the performance of almost 200 financial newsletters, including over 500 model portfolios. Unfortunately, this covers none of the newsletters that sent me their "complimentary issues". An explanation may be that Hulbert's Financial Digest focuses on only the most widely read securities selection newsletters, while the attempt to attract new subscribers through co-operation with questionable stock operators may be the sign of a struggling publication. Still, that says nothing about the quality of these newsletters, so I tried to get a first-hand impression by trying to access their web sites. This revealed an interesting peculiarity: while 6 of the 7 advertised newsletters have websites, only one of them is actually mentioned in the advertisements (see Figure 3). Some of the advertisements point to subscription websites, which are actually distinct from the newsletter web sites. Kenneth Coleman, for example points readers to www.doubleplaystocks.com (which seems to now be defunct) to sign up for his newsletter. Why not point to www.theinvestmenttracker.com, where his newsletter is actually located, and where he maintains a subscription form? Maybe the publisher of the mail piece wanted to spare the readers the confusion they would have undoubtedly felt, when they noticed the absence of the recommended stock (SVSE.PK) from Mr. Coleman's recommended portfolios[1].

Another strange contrast exists between the performance tables offered on the "complimentary issue" and on the newsletter web site (Figure 4).

Figure 4 - Performance Tables offered in the "complimentary issue" (left), vs. the web site for Investment Tracker (right). See Footnote 1.

The Numbers Tell the Story

Time and time again *Kenneth Coleman's Money Flow Indicators* led him to top-performing stocks that brought windfall profits of up to 1,108% to his subscribers:

Company	Bought	Sold (or current price if still held in portfolio)	Profit
Newmont Mining	$17.15	$48.62	183.49%
Xoma Ltd.	$2.65	$7.55	124%
Apache	$22.50	$66.50	960%
Coeur d'Alene	$1.18	$6.37	439.83%
Kinross Gold Corp.	$1.85	$8.13	339.46%
Pan American Silver Corp.	$5.43	$16.10	196.5%
Placer Dome Inc.	$9.52	$18.43	93.59%
Talk America Holdings	$1.10	$8.68	853%
Bombay Company Inc.	$2.31	$10.89	504%
Dot Hill Systems Corp.	$4.27	$14.96	250.35%
Stryker Corp.	$13.50	$68.00	404%
Hecla Mining Co.	$0.77	$9.06	1,108%

2005-2006 Portfolio

My portfolio will invest in areas that have tended to outperform during an initial bear market recovery. The following criteria are used to select stocks: positive money flow, an improving sector, and cyclical timing for an economic recovery.

Symbol	Shares Owned	Purchase Price	'Market Price	Change	Total Invested	Current Value	$ Gain / Loss	% Gain / Loss
ABGX (Sold)	100	12.86	** 22.50	+9.64	1,286.00	2,250.00	+964.00	+74.96%
AEM	100	13.15	35.69	+22.54	1,315.00	3,569.00	+2,254.00	+171.41%
AW (Sold)	100	7.99	** 10.73	+2.74	799.00	1,073.00	+274.00	+34.29%
CACH	100	18.05	17.78	-0.27	1,805.00	1,778.00	-27.00	-1.50%
CAMP (Sold)	100	11.95	** 10.15	-1.80	1,195.00	1,015.00	-180.00	-15.06%
EDGW	100	4.33	5.71	+1.38	433.00	571.00	+138.00	+31.87%
GAP (Sold)	100	15.68	** 25.12	+9.44	1,568.00	2,512.00	+944.00	+60.20%
GGB (Sold)	100	12.06	** 12.78	+0.72	1,206.00	1,278.00	+72.00	+5.97%
SNP	100	39.25	56.95	+17.70	3,925.00	5,695.00	+1,770.00	+45.10%
TALK (Sold)	100	8.61	** 7.41	-1.20	861.00	741.00	-120.00	-13.94%
TER (Sold)	100	16.50	** 13.93	-2.57	1,650.00	1,393.00	-257.00	-15.58%
UGI (Sold)	100	26.60	** 22.00	-4.60	2,660.00	2,200.00	-460.00	-17.29%
VDSI (Sold)	100	7.2	** 8.19	+0.99	720.00	819.00	+99.00	+13.75%
Totals					$19,423.00	$24,894.00	$5,471.00	28.17%
Cash Balance						$19,245.00		

[1] The site, www.theinvestmenttracker.com displays two portfolios, a "2004 Portfolio", and a "2005-2006 Portfolio",

There is no argument that the numbers published on the web site (right side of Figure 4) are impressive enough. But the table does at least show some losses. The one on the left side omits any strikes, and suggests a pattern of fantastic home runs. The Silver Star Energy debacle (an 82% loss over the past 15 months) would have seemed downright impossible, if one had relied on the performance data displayed on the left side of Figure 4.

At this point you may wonder why you haven't seen any such performance tables on the web site of Berkeley Investment Advisors. The reason is that offering tables such as these, however true the information might be, would be illegal for a financial advisor. Note the defects in both performance tables: The tables don't claim to be complete, and they don't show the purchase date, or the holding period. It would be impossible from either of them to calculate any type of annualized return. Financial advisors using numbers like these in their marketing communications would simply lose their license.

Again, I don't argue that Kenneth Coleman is a poor stock picker. His claimed performance is excellent, and his newsletter may well be worth reading. He even has testimonials from established finance pros, such as author, futures trader, and fellow newsletter editor R. E. McMaster. Nor do I have any evidence that the other newsletters perform poorly for their subscribers. But I do think there is strong evidence that the scrutiny applied to the featured stocks in these promotional newsletter editions/advertisements falls short of the level we would expect these editors to reach with their portfolio holdings. The track record for this crop of issues is certainly poor. This should not be a surprise: Why would any shareholder spend as much money and effort to get a stock to appreciate, unless they owned a lot of it, and were desperate to sell? And if that is the case, what does it tell us about the fundamental strength of the company?

Conclusion

Yes, it is possible to make money on the price momentum in pink sheet stocks touted by anonymous scam artists – but you must take huge risks. Unless you are the scammer, you are more likely to lose lots of money than make lots of money. If this is an acceptable risk versus reward trade off, you can increase your chances of making money with random bets on volatile financial instruments, (talk to us first) or just go to a casino. Most, if not all, of the clients of Berkeley Investment Advisors are not interested in gambling with their capital.

Our mission is to find those opportunities that have acceptable risk while offering the chance at returns greater than normal for the risks taken. When we find them, we explain the economic and financial underpinnings of the investment so that you can see for yourself the risks inherent in our investment thesis and why

displaying both current and past holdings. Neither portfolio includes SVSE. Site visited on 7/28/2006.

it makes sense to take those risks. So, if you get an email from us hyping some stock without laying out the facts – someone is forging our return email address.

Contact Information

RayMeadows@BerkeleyInvestment.com San Francisco phone (510) 367-3280 Tokyo phone: (080) 3122-9601		Single Family Home Investment: RickRife@BerkeleyInvestment.com San Francisco phone (415) 425-3332

Appendix A

Date of message	Ticker	Company	Close day of recommendation	Change after 5 days	Change after 1 month	Change after 3 months	Change after 6 months	Change as of 7/27/2006
07/16/03	INFX	Infinex Ventures Inc.	$ 1.87	0.0%	(15.0%)	60.4%	162.6%	(59.9%)
04/14/05	PGPM	BNP Petroleum Corp	$ 0.05	(60.0%)	(60.0%)	(40.0%)	(86.0%)	(10.0%)
04/19/05	HFGB	Secured Data Inc.	$ 1.98	N/A	N/A	N/A	(49.0%)	(69.7%)
04/24/05	WBRS	Wysak Petroleum	$ 0.18	0.0%	(63.9%)	(75.6%)	(83.9%)	(71.1%)
05/08/05	EOGI	Emerson Oil and Gas	$ 0.06	(13.6%)	(31.2%)	(71.4%)	(77.1%)	(85.3%)
05/22/05	ORTE	Oretech, Inc.	$ 0.30	96.6%	70.0%	83.3%	33.3%	(80.0%)
06/02/05	CAEO	China Resources Group Ltd	$ 0.66	(36.4%)	(47.0%)	(69.7%)	(54.5%)	(92.4%)
06/05/05	VNBL	Vinoble	$ 0.11	N/A	N/A	N/A	N/A	(38.2%)
06/07/05	NHVP	Northeast Development Corp.	$ 0.55	(34.5%)	(58.2%)	(56.4%)	(72.7%)	(95.5%)
06/08/05	ORTE	Oretech, Inc.	$ 0.57	(7.0%)	(14.0%)	0.0%	(43.9%)	(89.5%)
07/02/05	CGDC	China Gold Corp.	$ 0.38	N/A	N/A	N/A	N/A	(78.4%)
08/21/05	NNYG	Northamerican Energy Group Corp.	$ 0.20	(40.1%)	(29.0%)	(87.5%)	(90.8%)	(90.0%)
08/24/05	VNBL	Vinoble, Inc.	$ 0.09	N/A	N/A	N/A	N/A	(24.4%)
08/26/05	WBRS	Wysak Petroleum	$ 0.05	4.2%	(16.7%)	(54.4%)	(27.1%)	8.3%
08/30/05	WNWG	Wentworth Energy	$ 1.20	4.2%	(37.5%)	(41.7%)	172.5%	66.7%
09/01/05	SUSZ	Sushi Trend Co., Inc	$ 0.15	0.0%	(26.7%)	(60.1%)	(26.7%)	(56.7%)
09/02/05	SUSZ	Sushi Trend Co., Inc	$ 0.20	(25.0%)	(40.1%)	(65.0%)	(40.1%)	(67.5%)
09/06/05	CGKY	Carnegie Cooke & Company, Inc.	$ 0.14	0.0%	(25.7%)	(21.5%)	(47.9%)	(64.3%)
09/15/05	FCPG	Faceprint Global Solutions	$ 0.12	108.5%	116.8%	25.1%	0.0%	(29.1%)
09/15/05	AXCP	Allixon International Corporation	$ 4.25	(1.2%)	(3.5%)	(50.6%)	(82.4%)	(94.1%)
09/16/05	FCPG	Faceprint Global Solutions	$ 0.19	31.6%	36.9%	(26.3%)	(31.6%)	(55.2%)
01/03/06	VNBL	Vinoble Inc.	$ 0.04	N/A	N/A	N/A	N/A	70.0%
01/04/06	CGKY	Carnegie Cooke & Company, Inc.	$ 0.10	(2.0%)	(11.0%)	(47.5%)	(51.5%)	(50.5%)
01/05/06	VNBL	Vinoble	$ 0.04	N/A	N/A	N/A	N/A	70.0%
01/06/06	VNBL	Vinoble	$ 0.04	N/A	N/A	N/A	N/A	70.0%
01/08/06	SLVG	The Solvis Group	$ 0.08	(18.8%)	(62.6%)	(62.6%)	(87.6%)	(87.5%)
01/09/06	EGLY	Ever-Glory International Group Inc.	$ 0.39	615.5%	433.4%	238.5%	202.6%	179.6%
01/10/06	EGLY	Ever-Glory International Group Inc.	$ 1.10	131.8%	72.7%	18.2%	10.9%	(0.9%)
01/10/06	SLVG	The Solvis Group	$ 0.06	(16.5%)	(50.1%)	(66.8%)	(83.3%)	(83.3%)
01/11/06	EGLY	Ever-Glory International Group Inc.	$ 1.80	51.1%	5.6%	(29.4%)	(36.1%)	(39.4%)
01/12/06	CGKY	Carnegie Cooke & Company, Inc.	$ 0.10	(4.0%)	(19.3%)	(26.3%)	(55.6%)	(49.5%)
01/13/06	EGLY	Ever-Glory International Group Inc.	$ 1.96	38.3%	(5.6%)	(34.7%)	(41.8%)	(44.4%)
01/15/06	EGLY	Ever-Glory International Group Inc.	$ 1.96	38.3%	(5.6%)	(34.7%)	(44.4%)	(44.4%)
01/16/06	EGLY	Ever-Glory International Group Inc.	$ 1.96	38.3%	(0.5%)	(34.7%)	(44.4%)	(44.4%)
01/17/06	JCDS	JC Data Solutions	$ 0.06	(5.2%)	(13.8%)	(65.7%)	(86.2%)	(86.2%)
01/18/06	EGLY	Ever-Glory International Group Inc.	$ 2.55	(3.5%)	(29.0%)	(47.4%)	(55.1%)	(57.3%)
01/19/06	EGLY	Ever-Glory International Group Inc.	$ 2.72	(11.4%)	(33.5%)	(35.3%)	(58.8%)	(59.9%)
01/21/06	EGLY	Ever-Glory International Group Inc.	$ 2.76	(18.5%)	(31.2%)	(37.3%)	(58.0%)	(60.5%)
01/25/06	EGLY	Ever-Glory International Group Inc.	$ 2.46	(32.9%)	(30.9%)	(35.0%)	(58.9%)	(55.7%)
			average (excl. duplic	38.4%	9.1%	(18.4%)	(16.1%)	(49.6%)
			average (incl. duplica	25.9%	(0.8%)	(26.6%)	(30.1%)	(39.8%)
			median (excl. duplica	(0.6%)	(27.9%)	(53.5%)	(54.5%)	(71.1%)
			median (incl. duplica	(1.6%)	(22.5%)	(38.7%)	(49.0%)	(56.7%)