

Business

CASHING IN WEI OUT ; CHINESE INSIDERS DUMP STOCK BEFORE PROMOTER AXED

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OVER the last year, this column has kept readers up to speed on the mystery-shrouded activities of a self-regarding young fellow named Benjamin Wei and the group of oddball companies he's been squiring around Wall Street as a penny stock promoter.

Now there is more to report regarding this one-time stockbroker, who sometimes spells his surname Wey, and his collection of penny stock lovelies. Behind the palace walls in 35-year-old pasha Wei's harem, trouble is brewing.

Two weeks ago, an avalanche of insider selling hit the shares of a Wei arm-piece called Bodisen Biotech, Inc. The selling erupted days before Bodisen announced on Sept. 29 that it was dumping Wei's investment firm, New York Global Group Inc., as its investment adviser.

More importantly, a review of documents on file with the SEC shows that much of the selling originated with individuals in the city of Yangling, China, where Bodisen is headquartered, and that most of the selling flowed straight through Wei's New York Global Group.

We'll go more deeply into the details, for it underscores the risks investors take when they pump their money into beckoning opportunities in distant lands. But first, a note regarding recent developments at the American Stock Exchange, where Bodisen Biotech is traded, and where the long-overdue scent of Lysol is at last beginning to spread through the halls.

That is due to the Amex's new CEO, Neal Wolkoff, who has launched a campaign to rid the exchange of its century-long reputation as a financial landfill where Wall Street dumps its trash.

Wolkoff may not succeed, but at least he's trying, and last week brought more proof when the gong finally sounded for an Amex-listed company called GlobeTel Communications Corp., which has been boasting of a plan to launch a fleet of aluminum blimps into orbit at the edge of outer space.

On Friday, GlobeTel finally abandoned its summer-long struggle to prevent the Amex from delisting it over its wacky business plan claims, and announced that the exchange would permanently cease all trading in its shares at the end of business Tuesday. It also announced that the SEC has opened a formal probe into GlobeTel's accounting.

The action vindicates The Post's critical coverage of the company, which helped send its stock tumbling from a high of more than \$5 a share to 49 cents Friday. And it also suggests what could await Amex investors in obscure foreign stocks like Bodisen, where even rudimentary due diligence is all but impossible.

Anyone who wants to kick the tires on this puppy would have to fly all the way to the city of Yangling in central China, where Bodisen's only known offices are said to be located. (It will help to have a translator at the ready, since none of the Bodisen brass speak English.)

The company's filings with the SEC show that Bodisen was formed at the start of 2004 through the merger of a Chinese fertilizer company and a Vancouver penny stock shell.

The SEC filings make no mention of Wei's role in the merger, but documents on file at the London Stock Exchange, where the company is also listed, name him as a key player.

One reason for Bodisen's silence may be Wei's troubled past in the securities industry. He was fired by the company that hired him straight out of college, Wilbanks Securities, after just seven months on the job. Wilbanks claimed he had been running a financial consulting business secretly on the side.

The National Association of Securities Dealers suspended his broker's license and slapped him with a fine, but Wei seemed undeterred and quickly relaunched himself as CEO of his own firm, Benchmark Global Capital. His target market: the booming Chinese investment scene.

Yet it wasn't long before customer complaints began to pile up against him and Oklahoma state regulators were on his tail, leading eventually to his censure and a ban from selling securities in Oklahoma.

So Wei moved his business to New York and started again. Yet he soon found himself fighting in court with his former partners in Oklahoma, who accused him of siphoning off money from Benchmark's Chinese operations.

So Wei opened up a whole new operation, New York Global Group, and put the bulk of its stock in the name of his wife. Then he changed the spelling of his last name to Wey and continued chasing up promotable opportunities in China without missing a beat.

It isn't clear if the Bodisen folks knew of Wei's past when the company named him as their investor relations man following its merger with the Vancouver penny stock. Yet it's doubtful they would have heard much from Wei, who seemed anxious to stay as far out of the spotlight as possible in his new job.

He began issuing stock-puffing press releases for Bodisen from his perch at New York Global, using the corporate pseudonym of Bodisen Biotech Investor Care, listing New York Global's phone number on the releases, as if it belonged to the fanciful I.R. firm.

Wei's role as Bodisen's I.R. man ended in December of last year, though his behind-the-scenes activities as its deal promoter continued: Several Bodisen SEC filings name New York Global in a \$300,000 contract to sell unregistered Bodisen stock to investors in London early this year.

It's also unclear when Bodisen finally decided to sever its ties with Wei completely, though it's clear enough what happened in the nine trading days before Bodisen issued a press release making its decision public: an eye-popping 29 separate "Form 144" stock registration statements tumbled into the SEC in basket.

Each form was filled out by hand, in what appeared to be the same handwriting. Each listed a different seller, though all gave the same mailing address in Yangling, China, where Bodisen is headquartered.

If the sellers were too poor to afford homes of their own three weeks ago, they certainly aren't now. The filings show that three lucky filers pocketed an average of \$2 million each from their fortuitous decisions to jump ship.

The filings also show that the selloff rained gold on Wei as well. All but the first three forms listed New York Global as the selling broker, implying the Wei-run operation reaped commissions on sales of nearly \$15 million worth of stock in the company that was about to fire him.

ALTOGETHER, a total of nearly 1.5 million Bodisen shares were registered for sale in the filings. There

may be an innocent explanation for the fishy coincidence in which Wei's firm benefited so handsomely, yet a search of SEC records fails to provide it.

Good luck finding out from the company itself. When I put some questions to Bodisen's only known U.S. spokesperson, who is based in Los Angeles, she said it was late, and China was so far away - so maybe I could just e-mail her my questions and she'd pass them along, though I shouldn't hold out much hope because it was late and China was so far away, and . . . well, you get the idea. New Yorkers have a word for an investment like this, and it fits perfectly: fuhgeddaboutit.

FUNNY ODOR - map

What looks like fishy stock sales by individuals in China is turning up the heat on Benjamin Wei, a penny stock promoter.

BODISEN BIOTECH stock chart

Close \$9.42 up 21 cents

September trades tallied on a Bloomberg computer terminal

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