



## **Timminco pulls rank, gets critic barred from conference**

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by Lee M. Webb

Timminco Ltd., a controversial Toronto Stock Exchange (TSX) solar player that has already filed a libel suit against one short-selling critic, has reportedly used its influence to have another outspoken short seller, Manuel P. Asensio, barred from attending a conference relating to the solar silicon industry held in Oslo, Norway.

As previously reported, Timminco filed a \$6-million libel suit against Ravi Sood and Lawrence Asset Management Inc. for an alleged campaign of defamation against the company "undertaken for the improper collateral purpose of advancing their short selling strategy."

In an April 21 Business News Network television program Mr. Sood, the president of Lawrence, ripped away at Timminco's secret proprietary process, touted as enabling the company to produce low-cost solar-grade silicon at its plant in Becancour, Que.

After acknowledging that his firm had a major short position in Timminco, Mr. Sood went on to say there was every probability that the company "is virtually worthless." He also said that, as far as he could tell, "there is no evidence that they have any sort of proprietary technology."

In another allegedly defamatory statement, Mr. Sood remarked that "you have to make a parallel to Bre-X," a reference to the largest mining fraud in Canadian history.

Two days after his television appearance, some more unflattering comments about Timminco were attributed to Mr. Sood in an April 23 Financial Post article.

Timminco wasted no time in serving Mr. Sood and Lawrence with libel notices and when they refused to apologize or retract the allegedly defamatory claims, the company filed a lawsuit against them. The lawsuit describes the BNN interview in detail.

In practical terms, the May 2 libel suit effectively silenced Mr. Sood.

The libel chill arguably spread further when Timminco's chief executive officer, Heinz Schimmelbusch, subsequently warned that the company was analyzing negative news reports that he suggested were fomented by short sellers and would sue anyone who crossed some company-determined line.

Some observers question the rationale behind a \$3-billion company filing a libel suit and then issuing a thinly veiled threat about possibly hauling other critics into court, particularly given that it should soon become clear whether its ballyhooed black-box project can actually deliver as promised.

Even setting aside the libel suit and threats of other litigation, the fact that Timminco's wholly owned subsidiary Becancour Silicon Inc. recently had Mr. Asensio, another vocal critic of the company, barred from attending a silicon conference suggests to some people that the high-flying TSX solar player is remarkably thin-skinned.

## **The uninvited**

As noted in an earlier Stockwatch article, New York-based Mr. Asensio is a short seller with a reputation for sniffing out overvalued stocks, overblown promotions and outright scams.

"God gave me this power -- it's the power of good vs. evil," Mr. Asensio once proclaimed.

Notwithstanding his supposed God-given power, Mr. Asensio is certainly not infallible when it comes to picking stocks to short, but he does have a rather impressive track record.

Mr. Asensio gained notoriety in the 1990s for his abrasive style and high-profile attacks on his short-selling targets, not all of which succumbed to his aggressive tactics.

Among the more memorable lines attributed to Mr. Asensio is the widely reported greeting he delivered to Dr. William Carter, the head of one of his targets, Hemispherx Biopharma Inc., at a conference in 1998.

"I'm Manuel Asensio," he said, shaking Dr. Carter's hand. "You belong in jail."

In recent years, Mr. Asensio has considerably softened his approach, perhaps chastened by his own regulatory problems and a number of costly lawsuits, including one filed by Hemispherx. Nonetheless, the short seller still exudes a certain arrogance and abrasiveness.

While not always satisfied with the journalistic results, Mr. Asensio was the prime mover behind a spate of unflattering media reports about Timminco in April and May, something that has clearly not endeared him to the company or its shareholders.

Apparently troubled by the prospect of an encounter with Mr. Asensio at the Silicon for Chemical and Solar Industry IX conference in Oslo, Timminco used its influence to keep the short seller from attending.

Mr. Asensio registered and paid the fee to attend the conference scheduled for June 23 to June 26. His plans were cut short, however, by an e-mail from the conference chairman, Dr. Harald Oye.

"I have been informed by Becancour Silicon Inc. that we have to make a choice between you attending the conference and Becancour Silicon Inc., GK Kropfmuhl and Q-Cells," Dr. Oye wrote. "As these companies have been long-time supporters of the conference, I have to inform you regretfully that you cannot attend (sic) the conference."

Mr. Asensio says that he did not inform Timminco that he was planning to attend the conference, raising the question of just how the company and its associated "long-time supporters of the conference" learned of his registration.

Rene Boisvert, one of the conference presenters and head of Timminco subsidiary Becancour Silicon, did not respond to a Stockwatch query about the company's role in having Mr. Asensio banned from the conference.

In any event, Dr. Oye offered to refund Mr. Asensio's registration fee and send him a copy of the conference book free of charge. He unwittingly also paved the way for some free publicity for Mr. Asensio.

### **The response**

Not one to forego an opportunity such as the one presented by Timminco's apparent ham-fisted intervention, Mr. Asensio replied to Dr. Oye by e-mail and Federal Express and then made the correspondence public.

"Your note says that Becancour, along with Q-Cells and GK Kropfmuhl have jointly notified you that they will boycott your conference -- the industry's most important silicon-for-solar meeting -- unless you rescind your previous acceptance of my conference registration, for which you have already received payment," Mr. Asensio wrote on June 23. "This is an indication of their mutual need to avoid deserved scrutiny of their claims and to oppress the free exchange of ideas.

"While I am disappointed that you have succumbed to their threat, I hope you will disclose and address the matter fully and openly with all conference participants.

"You may be aware that the chairman of both Timminco and GK Kropfmuhl is the same man, Heinz Schimmelbusch. You may not know that Mr. Schimmelbusch was a chief protagonist in one of the largest corporate scandals in recent times.

"Further, you may not know that Q-Cells' Anton Miller is responsible for a series of questionable promotional statements about Timminco's UMG (upgraded metallurgical silicon) claims. After [www.asensio.com](http://www.asensio.com) issued reports addressing Mr. Miller's statement he tempered his enthusiasm.

"My primary purpose in attending was to witness the presentation by Timminco's Renee (sic) Boisvert. Mr. Boisvert's basic claims and general description of Timminco's silicon purification process are well known to me and the public at large.

"However, Timminco has gone to great lengths to appear to be open while refusing to provide the necessary support to substantiate these claims. For example, while Timminco publicly offered investors a bus tour to Becancour's new facility, participants were not allowed to get off the bus when they arrived.

"Thus I was looking forward to examining any new specifics in a forum where vague generalities should not be tolerated and where the claims' veracity should be discussed by experts and informed interested parties such as myself.

"Timminco previously refused to debate me on Canadian TV and in the press. The fact that Q-Cells, GK Kropfmuhl and Timminco joined forces to prevent this free exchange of ideas shows, in my view, that they have no answer to my fact-based research.

"I am proud to see that Timminco views my research into UMG purification and cell construction so seriously. I am sure that your decision to compromise your academic principles and open attendance policy was extremely difficult.

"Nonetheless, in so doing you revealed much about these three companies and their management, giving us all a glimpse of how stock promoters can use their influence to limit discussion of scientific evidence.

"I understand that David Lynch, your partner in Solar Technology Research Corporation, a hopeful UMG supplier will not be attending. I trust that he was not also banned, and that you will share Mr. Lynch's studied criticism of Timminco's UMG claims with the conference attendees.

"If you wish to thoroughly scrutinize Timminco's claims, I will gladly provide you with questions in writing or appear by phone or teleconference.

"In any event, I wish you well and hope that you will handle this unfortunate event properly."

### **The conference**

Notwithstanding Mr. Asensio's characterization of the Oslo conference as "the industry's most important silicon-for-solar meeting," the event was not widely publicized, nor was there any real buzz about Timminco's attendance.

"If not for me, the market wouldn't even know Rene (Mr. Boisvert) was in Norway," the far-from-bashful Mr. Asensio told Stockwatch.

The meeting, apparently by invitation only, was attended by silicon producers, silicon users and academics. The scope of the conference spanned silicon process technology, silicon quality assessment, and performance in the subsequent chemical reactions including the production of solar silicon.

In addition to academics from Norway, Japan, Taiwan, Russia, the U.S. and elsewhere, a number of solar industry heavyweights including Dow Corning, Wacker Polysilicon and Elkem Solar AS were among the presenters at the conference.

Timminco subsidiary Becancour Silicon's Mr. Boisvert and his associate Dominic Leblanc delivered a presentation titled "Process and apparatus for purifying silicon."

### **The presentation**

According to Mr. Asensio, the Becancour Silicon presentation was "shameless."

"It was really quite embarrassing that Leblanc presented the basic science to this august group of silicon researchers," Mr. Asensio told Stockwatch. "In addition, they were the only presenters in the entire conference that refused to answer a question because of proprietary concerns.

"The conference is intended as an academic conference and the free exchange of information, ideas and theories in the advancement of silicon science.

"Not for Timminco."

Mr. Asensio bristled when Stockwatch asked him to provide the contact information for whoever provided him with the account of the presentation, given that he was clearly not at the conference.

"He is my agent and I would not risk exposing him," he advised Stockwatch.

"I stand by the statement," he said, suggesting that his credibility ought to be accepted.

When asked to provide three or four of the most significant questions that he would have put to Mr. Boisvert, Mr. Asensio obliged. The significance of those questions might be a matter of opinion.

### **The questions**

Mr. Asensio told Stockwatch that if he had been allowed to attend the Oslo conference, he would have listened to the Becancour Silicon presentation to find out whether Mr. Boisvert said anything new. Then, he says, he would have asked the following questions:

How does a rotary furnace with an oxy fuel burner cut cost and improve purity levels?

What is proprietary about such a furnace?

How will Timminco handle the boron and phosphorous contamination, if it claims that it will have no capital expenditures?

Is Timminco claiming that the furnace's ceramic quartz crucible will not be replaced?

What is the ingoting yield and cell efficiency of Timminco's upgraded metallurgical silicon?

How is that Timminco managed to cut the capex for the entire plant by more than 90 per cent of the industry's technological leader when it is a low grade, low-tech producer?

Stockwatch forwarded those questions to Mr. Boisvert by e-mail and provided a direct telephone number to contact this reporter.

An e-mail receipt confirms that Mr. Boisvert read the message, but he did not respond to any of the questions.

Stockwatch will continue to follow developments.

With 456,100 shares changing hands on Friday, Timminco dropped another 49 cents to close out the final session of the week at \$28.26.

Comments regarding this article may be sent to [lwebb@stockwatch.com](mailto:lwebb@stockwatch.com).

(More information regarding Timminco Ltd. is available in Stockwatch articles published on May 14, 16 and 27; and June 4, 20 and 27, 2008.)