

# Flagrant foul called on a convicted felon's short-selling 'hit' on Zenyatta



By now, most InvestorIntel readers are likely aware of what appeared to be a hatchet piece released Monday on **Zenyatta Ventures Ltd.** (TSXV: ZEN | OTCQX: ZENYF). The lengthy article published by Hunter Adams (written by Melissa Davis), an *alleged* former

associate (USA Today) of the Gambino crime family (previously led by reputed gangster John Gotti, the Gambino crime family is one of the five crime “families” that dominates organized crime activities in New York) and convicted felon of a \$50-million-pump-and-dump scam, sent shock waves through the investment community following graphite explorers because Zenyatta has become one of the leaders in this emerging sector. The so-called “investigative” exposé was intended to ruin – or, at least, maim, – Zenyatta’s stock price by discounting President and CEO Aubrey Eveleigh and the key distinctions that Zenyatta presents to differentiate its hydrothermal graphite deposit in Northeastern Ontario from its competition. Why? The answer is simple... to short Zenyatta’s stock... and what makes this a flagrant foul – is that they admit it.

As disclosed in this 8-page, single-spaced article, the felon who published it, established a short position on Zenyatta ahead of the article’s publication and stands to profit on any future declines in Zenyatta’s share price. Conversely, the same felon (and alleged mob associate who, apparently, was

still on federal probation as of September 2010) purchased stock in three flake graphite companies heavily promoted in the article – Alabama Graphite, Big North Graphite and Northern Graphite – and stands to profit on any future increase in the prices of those aforementioned companies' share prices.

Although the Publisher claims to “uncover the dirty little secrets that investors need to know,” the article's tone was obvious. It was nothing more than a blatant attempt to destroy Zenyatta's stock price and benefit from a short position, under the pretext of exposing a misrepresented and overhyped company. As if the Publisher wanted to do some sort of public good deed, instead of an orchestrated financial assault. The feature consisted of numerous unsubstantiated claims and insufficient, highly biased research, and strong warnings about Zenyatta from graphite “experts”, such as Mickey Fulp. Fulp admits to being a commodity “generalist” who is new on the graphite scene, stating that he has only been following the commodity since 2011.

Not taking the attack lying down, Zenyatta wasted no time in responding to the article by issuing an announcement this morning, entitled: *Zenyatta Clarifies Commentary Related to Recent Trading Activity*. In the release the company stated that it is aware of the recent misleading and inaccurate commentary in the marketplace regarding its graphite deposit, which negatively affected its share price. Although Zenyatta would rather stay focused on the continued development of its exciting, one-of-a-kind graphite project, from time to time, it needs to set the record straight from malicious attacks. Eveleigh stated, *“Zenyatta intends to vigorously defend itself against negligent misrepresentation. Any unfounded and misleading information about our company will be pursued legally to protect the interests of our shareholders and reputation of Zenyatta.”*

Eveleigh further commented: *“Zenyatta has discovered a very*

*unique hydrothermal graphite deposit that consists of two large breccia pipes. It is the largest and only known graphite deposit of this type under development in the world. SGS Canada has conclusively demonstrated that an ultra-high purity graphitic carbon (99.99% Cg) can be achieved from a simple and relatively inexpensive caustic bake process. This is extraordinary in the world of graphite upgrading given Zenyatta does not require the traditional and expensive upgrading methods of aggressive acid and/or thermal treatment.”*

As the Company stated, the article did have a negative impact on Zenyatta shares on Monday; however, the stock reacted positively to the Company's news release yesterday as the stock gained on both the US (OTCQX: ZENYF +4.94%) and Canadian (TSXV: ZEN +1.88%) exchanges. The market clearly recognizes a flagrant foul when they see one – and it takes more than an ex-con with a trading game to impart lasting damage on the reputation of an industry leader like Zenyatta.