BEHIND THE VEIL

by Lee M. Webb

Imagis Technologies Inc., a Vancouver-based biometric company promoting its facial recognition technology as an application suitable for airport security, has declined to respond to Stockwatch questions regarding its offshore financiers. Stockwatch's research reveals that some of Imagis's offshore backers have connections to alleged supporters of Osama bin Laden's al Qaeda terrorist network.

Among Imagis's early offshore backers is Harpings Management Inc., a participant in many Howe Street companies associated with Mr. Nazerali. Harpings, incorporated in the secretive tax haven of the Isle of Man, took down a significant chunk of Imagis's convertible note financing in January of 2000. After converting the notes and exercising the associated warrants, Harpings controlled more than 1.11 million shares of Imagis.

While Harpings is certainly no stranger to companies associated with Mr. Nazerali, the Isle of Man firm also invested in several other Vancouver-based companies and a number of OTC Bulletin Board offerings. In June of 1997, for example, Harpings participated in a private placement for M.I.T. Ventures Corp., a junior mineral exploration company with some diamond prospects. Harpings acquired 100,000 units priced at $1, each unit comprising one share and one warrant, with two warrants exercisable at $1.25 per share in the first year and $1.40 in the second year.

Other participants in M.I.T. Ventures' $600,000 financing included Bank of Bermuda Luxembourg SA with 200,000 units, Eloro Mining & Exploration Co. with 200,000 units, and United Overseas Bank Geneve with 100,000 units. The beneficial owners of those shares are not known. Within a few months of the June 1997 private placement, M.I.T. was looking for more financing, this time attracting some Saudi financiers.

On April 9, 1998, Al Murjan Minerals Technical Co. Ltd. acquired 2,025,000 shares of M.I.T. Ventures in a private placement priced at 40 cents per share. As revealed by Stockwatch last October, documents filed with the British Columbia Securities Commission disclose Abdulrahman Kalid bin Mahfouz and Sultan Kalid bin Mahfouz, members of a prominent Saudi family, as the main shareholders of Al Murjan.

The patriarch of the bin Mahfouz family, Sheik bin Mahfouz, headed the National Commercial Bank, a Saudi bank with a 30-per-cent stake in BCCI. Sheik bin Mahfouz was indicted for fraud by a New York grand jury in connection with his involvement in BCCI. He settled the fraud case in 1993 by agreeing to pay $225-million (U.S.). In a separate deal, National Commerce Bank entered into a $253-million (U.S.) settlement with BCCI creditors.

In June of 1999, another Saudi financier piled into M.I.T., acquiring 2.38 million shares in a private placement priced at 21 U.S. cents through New Diamond Holdings. As Stockwatch reported on Oct. 15 of last year, the man behind New Diamond Holdings is Jeddah-based businessman Yasin Al-Qadi. Mr. Al-Qadi is also known as Yassin Al Kadi, Shaykh Yassin Abdullah Kadi, and Yasin Kahdi.

In 1998, well before he became a major backer of M.I.T. Ventures, Mr. Al-Qadi was named by U.S. authorities in a court filing as an alleged money-laundering conduit for arms deals involving the Palestinian Hamas terrorist organization. More bad news followed for Mr. Al-Qadi following the Sept. 11, 2001, terrorist attacks in the U.S.

On Oct. 12, 2001, Mr. Al-Qadi was named by the U.S. Treasury Department in a list of 39 individuals and organizations as allegedly having direct links with Osama bin Laden, the world's most wanted man. According to the Treasury Department, Mr. Al-Qadi heads the Muwafaq Foundation, an al Qaeda front that has funneled millions of dollars to Osama bin Laden.

As revealed by Stockwatch, Abdulrahman Kalid bin Mahfouz, an earlier participant in M.I.T. Ventures through Al Murjan, is a trustee of Muwafaq along with Mr. Al-Qadi. Both men have reportedly adamantly denied any association with Osama bin Laden. Notwithstanding those protestations, however, Mr. Al-Qadi's U.S. assets have been frozen.

Mr. Al-Qadi has also been named as a defendant in a $1-trillion (U.S.) lawsuit filed in the U.S. on behalf of the victims and survivors of the Sept. 11 terrorist attacks. Also named in the lawsuit is Global Diamond Resources Inc., another Vancouver-linked diamond company listed on the OTC Bulletin Board in which Mr. Al-Qadi and several of his Saudi associates invested heavily. National Commercial Bank is also among the defendants in the massive U.S. lawsuit. Penniless M.I.T. Ventures evidently escaped notice.

While there is no indication that Harpings, which invested in M.I.T. Ventures 10 months before the tiny company attracted its dubious Saudi backers, had the slightest clue about the backgrounds of the people who would soon become the company's largest shareholders, even a whiff of such a connection might be disturbing for a company such as Imagis. In the still-charged aftermath of the Sept. 11 terrorist attacks, investors and potential clients might be a little leery about a company flogging biometric technology for airport security applications that happens to have an offshore backer with even tenuous links to alleged al Qaeda financiers.

As it turns out, Harpings is not the only offshore backer of Imagis with links to alleged financiers of Osama bin Laden and his terrorist network. Stockwatch has recently learned that Pierre Besuchet, a director of Mr. Nazerali's Swiss-based Valor Invest Ltd. with significant stake in Imagis and many of the Howe Street promoter's other companies, is a prominent player in other Saudi-linked organizations that have been publicly tied to al Qaeda.

According to documents reviewed by Stockwatch, Mr. Besuchet, who lives in Geneva, is a director of Faisal Finance (Swizterland) S.A. and a director of Dar-al-Maal al Islami S.A. (DMI). DMI was originally established as a Bahamian trust in 1981, but it is headquartered in Switzerland. DMI is the parent company of Faisal Finance and is heavily involved in a number of other Islamic banking institutions.

DMI and several associated entities have been named as defendants in the $1-trillion (U.S.) lawsuit filed in the U.S. District Court for the District of Columbia on behalf of the victims of the Sept. 11, 2001, terrorist attacks. According to the allegations in the 406-page amended claim filed on Nov. 22, 2002, DMI has been a major supporter of al Qaeda and Osama bin Laden.

"Dar al Maal al Islami (or 'House of Islamic Money' or 'DMI') is the registered name for DMI Administrative Services SA," the lawsuit alleges. "The company is headquartered in Cointrin, Switzerland. DMI Administrative Services SA replaced Dar al Maal al Islami on February 5, 2002, and is its successor in interest.

"DMI activities started July 29, 1981. Until 1983, DMI was operated under M. Ibrahim Kamel's chairmanship. On October 17, 1983, Prince Mohamed al Faisal al Saud became CEO. Under Mohammed al Faisal al Saud's chairmanship, DMI developed banking, investment and insurance activities in approximately twenty offices around the world. ...His actions and breach of duty have aided, abetted and provided material sponsorship of the spread of international terrorism and al Qaeda.

"The $3.5 billion DMI Trust, whose slogan is 'Allah is the purveyor of success,' was founded 20 years ago to foster the spread of Islamic banking across the Muslim world. Its 12-member board of directors includes Haydar Mohamed bin Laden, a half-brother to Osama bin Laden.

"DMI is currently chaired by Abdulkarim Khaled Uusuf Abdulla who replaced Prince Mohamed al-Faisal al Saud early in 2002. DMI has involved itself in al Qaeda financing through several of its subsidiaries, including but not limited to, Islamic Investment Bank of the Gulf, Faisal Islamic Bank, Tadamon Islamic Bank, and Al Shamal Islamic Bank.

"DMI owns 100 per cent of Islamic Investment Company of the Gulf. Mohamed al-Faisal al-Saud chairs Islamic Investment Company of the Gulf. Osama bin Laden's brother, Haydar Mohammed bin Laden was a director of the company. Islamic Investment Company of the Gulf (Bahrain) EC is the main shareholder of Faisal Islamic Bank of Sudan, chaired by Mohamed al-Faisal al-Saud."

The allegations in the lawsuit have not, of course, been proven. Stockwatch will review some of the other allegations in the lawsuit in more detail in a future article. Several of those allegations involve other individuals and entities with ties to Vancouver and, in particular, another Howe Street-spawned public company.

Mr. Besuchet's association with DMI and a bevy of Saudi financiers allegedly connected with Osama bin Laden and his al Qaeda terrorist network may be another sensitive matter to Imagis. At the same time, Mr. Besuchet's extensive Saudi connections may throw some light on a rather peculiar deal involving another Howe Street company, Even Resources Ltd.

As previously reported by Stockwatch, Even Resources is a predecessor to Briyante Software Corp., which Imagis now proposes to acquire in a share transaction. Mr. Besuchet and Mr. Nazerali were both involved with Even Resources back in the days when it was operating as a Vancouver-based exploration company.

In 1992, Mr. Besuchet joined the board of directors of Even Resources, which like so many Vancouver-based junior mining companies was virtually penniless. Nonetheless, Even Resources made claim to an exploration licence in Saudi Arabia. The company produced little in the way of news until 1994, when it announced that it had signed a memorandum of understanding with respect to a joint venture to develop a Saudi Arabian copper deposit.

At the time, Mr. Nazerali claimed that the proposed mine would cost between $240-million (U.S.) and $280-million (U.S.). It was never made clear just where Even Resources would ever come up with enough money to participate in the project in which it proposed to acquire a 40-per-cent stake.

The company's proposed partner, which would have a 60-per-cent stake in the venture, was a company called Alujain Corp. The deal never materialized and Even Resources faded into a shell before being reorganized as Plata Minerals Ltd. and then Briyante, but Alujain carried on.

According to documents reviewed by Stockwatch, Alujain is a Saudi company that was founded in 1991. The chairman, according to an article in the September-October 2001 edition of Gulf Industry Magazine, is Prince Nawaf bin Abdulaziz al Saud, another of the many members of the Saudi royal family.

Prince Nawaf bin Abdulaziz al Saud, now head of the Saudi Intelligence Service, has been something of an outspoken critic of U.S. policy in the Middle East. Among other things, he has criticized the U.S. for not being hard enough on Israel. He has also expressed his sympathy for the Palestinians and has been quite open about Arab popular support for Osama bin Laden and al Qaeda.

According to Gulf Industry Magazine, Alujain's shareholders include the Saudi Cable Company, the Kanoo Group, Arabian Light Metal Company of Kuwait, Haji Abdullah Alireza, the Dallah Al Baraka Group, and the Bin Laden Group.

The Bin Laden Group, a giant Saudi company controlled by the bin Laden family reportedly disowned Osama bin Laden in 1998 because of his terrorist activities. Some critics claim, however, that there are still ties between Osama bin Laden and members of his family. In any event, both the Bin Laden Group and the Dallah al Baraka Group are also named as defendants in the $1-trillion (U.S.) lawsuit brought by the victims of the Sept. 11, 2001, terrorist attacks.

Meanwhile, in other unsettling news, Mr. Al-Qadi, the M.I.T. Ventures backer who also allegedly financed Osama bin Laden, has just emerged in an embarrassing U.S. government scandal. As reported by Stockwatch today, The Boston Globe has confirmed that Mr. Al-Qadi invested $5-million (U.S.) in a Boston-area software company called Ptech Inc. Among the customers for Ptech's information management software are the Pentagon, the White House, Congress, the U.S. Army, the U.S. Air Force, the U.S. Energy Department's nuclear waste disposal program, NASA, and the FBI.

Somewhat ironically, Imagis's marquis chairman, Oliver "Buck" Revell, spent 30 years with the FBI, reaching the number-two post of Associate Deputy Director. Stockwatch will continue to follow these developments and review other intriguing connections to Saudi financiers and offshore entities.

With 20,500 shares changing hands on the TSX, Imagis gained 11 cents to close out the week at $1.95.

Comments regarding this article may be sent to lwebb@stockwatch.com.

(More information regarding Imagis Technologies is available in Stockwatch articles published on March 7, 11, 15, 25, 27 and 28; April 2, 9 and 16; May 17, 23 and 30; June 4, 11, 18, 26 and 28; July 3, 12 and 18; Sept. 12, 13, 16, 20, 23, 24 and 27; Oct. 2, 9, 11, 16, 21, 22, 25 and 29; Nov. 6, 8, 11, 14 and 18; and Dec. 12, 2002.)