

Universities suffer Bre-X fool's gold

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CONNORS

(CUP) — Two Canadian Universities are the owners of almost \$2-million in fool's gold after the Bre-X boom went bust last spring.

The University of Victoria

(U Vic) and Memorial University of Newfoundland (MUN) each used pension-fund money to buy stocks of the Alberta-based mining company, after Bre-X Minerals Ltd. announced finding a vast gold field in Indonesia.

Bre-X's early estimates of

the amount of gold were revealed to be false at best, and at worst a fraud when an independent mining firm revealed that the company's gold field had "insignificant" amounts of the precious metal last March.

That sent Bre-X's share value tumbling from hundreds of dollars to just pennies.

U Vic lost \$1-million dollars, while MUN lost roughly \$800,000.

But neither university thinks the loss is much of a big deal.

"When you look at the total amount of the Bre-X investment, that's not a disproportionate amount...for any single investment," said Dr. Fred Fisher, chairperson of the Pension Fund Board at U Vic. He estimates the fund's current value is about \$275-million.

"It's a 0.44 per cent loss," he said. "Our monthly variation is more than that. It's not trivial. We don't like losing a million bucks, especially on a scam."

Fisher's colleague at

MUN, George Hickman, said roughly the same thing.

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cent of the total value of the fund," said Hickman, director of human resources at Memorial. "It in no way has any influence on the amount of pension that a member will receive at the end of the day."

Hickman said the loss was made up for by gains in other areas, with the fund receiving a 15.6 per cent return on its investments last year.

But the president of Memorial's faculty association says there is still cause for concern regarding the health of the pension fund.

"What we're waiting for now is...[to] see what the bigger picture is," said John Bear, who also sits on the pensions committee. "Dr. Hickman suggests that [the forecast] is quite bright, but there is more to the story than what he implies."

At U Vic, no pensions are at risk as a result of the loss and the board is not formally considering any legal action against the company.

A number of shareholder groups throughout North America have filed lawsuits against the now-dormant company, especially as evidence has arisen that the overly optimistic Bre-X estimates may have been the result of deliberate tampering of samples by Bre-X employees in Indonesia.

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