

The Province

Slobogian says he'll testify for investors: But after losing their life savings, they say: Thanks but no thanks

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Illustrations: Color Photo: David Clark, The Province / Russell Lewendon invested \$40,000 in Eron Mortgage Corp., then suffered a stroke when Eron failed. His caregiver, Josie MacDonald, recalls: 'He couldn't sleep. He was mad, he was worried.'

Fugitive financier Brian Slobogian says he's ready to testify for the investors who plowed \$222 million into his projects and lost the lot.

But investors who entrusted their life savings to Slobogian -- found by The Province this week, holed up in a condo near Las Vegas -- say thanks, but no thanks.

Slobogian says he can prove government regulators knew early on what Eron Mortgage Corp. was up to, and never raised the alarm.

"Nobody said I was doing anything wrong," Slobogian said. "Then they shut us down."

"My conscience is clear. I have not stolen anything."

One of the 3,500 investors, paraplegic Russell Lewendon, 82, poured \$40,000 into Eron, money from his merchant marine pension arrears. Within days of Eron's crash in October 1997, Lewendon suffered a stroke that left him confined to bed.

"He put me here," Lewendon said yesterday. "I used to do everything myself."

Said Lewendon's caregiver Josie MacDonald: "He couldn't sleep. He was mad, he was worried."

The B.C. Securities Commission alleges Slobogian and Eron vice-president Frank Biller hoodwinked investors and diverted funds for personal use.

A commission panel is investigating the allegations. RCMP are also investigating.

The investors are trying to start a class-action suit against the B.C. registrar of brokers, claiming government officials knew what was going on with Eron, but did not rein in the company.

Their action is one of several in which investors are trying to recoup their money.

They'd receive no more than 18 cents on the dollar in any Eron settlement.

The court has reserved judgment on the class-action application, which the government is opposing.

Slobogian said at his Las Vegas condo this week that the investors' contention is true.

"They [regulators] met with us earlier on but nobody

said what we were doing was illegal," he said. "The lawyers did not say anything. Some of them even invested and then took out their money later."

He said he met in early 1997 with government officials but "nobody said we were doing anything wrong."

"You think I started Eron to become B.C.'s biggest bust?"

He said he can prove the depth of government knowledge of Eron's operations.

Referring to an action by the investors to seize his personal assets, he said of his offer to testify for them: "I can only testify after we settle the asset issue with the lenders."

David Church, the lawyer for the Eron lenders committee, said he doubts the investors need Slobogian's help.

"The preponderance of evidence will come from the government's own files," he said.

James Tindle, the committee chairman, said Slobogian's offer to help is "pretty thin."

"He offered to help before but did not do anything."

"He has got a major credibility problem."

For Lewendon and more than a dozen investors interviewed by The Province, Slobogian has already done enough.

Said Lewendon: "You tell him thanks but no thanks."