

# Baffled in Bamfield

**Bamfield residents have never been able to figure out why a Howe Street promoter would invest so much money in their village with so little return. Jack Purdy's recent arrest on money laundering charges has only heightened the concern surrounding the village's most powerful absentee landlord.**

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**BAMFIELD** - Every evening, great banks of fog roll into this enchanting coastal community, shrouding a long-running mystery that has both perplexed and alarmed its 300 permanent residents. His name is Jack Purdy.

A self-described "financial genius," Purdy has made a name for himself as a promoter of high-volume, go-nowhere junior stocks. He has used the proceeds of this business to purchase, by his own accounting, about \$8 million worth of property and business investments in the Bamfield area, and dozens of other investments in nearby Port Alberni, Lantzville, Chemainus and Nanaimo.

The mystery is that, like his junior companies, Purdy's Bamfield investments for the most part go nowhere.

He has acquired some businesses, including a sawmill and machine shop, only to shut them down. He has spent thousands of dollars renovating and improving other properties such as the Bamfield Inn, but never completed the work. He has bought raw land for residential development, spent money clearing it, but not built anything on it. He has bought the local airport and all but shut it down.

Other investments include Hawkeye House, Swamp House and Harbourside Lodge, all waterfront lodgings with reportedly modest occupancy rates; Rance Island, a three-acre island in Bamfield Inlet; 40 acres of raw land fronting on the inlet; and a tract of raw land on Burlo Island, also located in the inlet.

These investments have made local residents puzzled and worried. Puzzled, because they cannot discern any rational business strategy.

"The one thing none of us could ever comprehend," says John Johnston, co-owner of the Tyee Resort, which is located at the entrance to Bamfield Inlet and caters to well-heeled corporate fishing clientele, "was why he would inject all that capital into all these investments and not get them up and running as soon as possible to recoup his investment. That is the central question in this community."

Residents are worried because businesses that could potentially revitalize the villages are being left fallow.

"We have been hard hit by the forestry and fishing downturns," says Jim Levis, regional director for the Bamfield area of the Alberni Clayoquot regional district, "so we are searching for new ways to come up with a viable economy. Purdy is not operating in a manner that is helping our town move forward."

Levis says Purdy has ambitious plans, but they are in a constant state of flux and his "bedside manner" has antagonized people.

John Evans, a retired Vancouver stockbroker who is now a permanent resident of Bamfield, says Purdy's approach is one of "arrogance and haste." He recalls one community meeting where Purdy introduced himself as a "financial genius." He describes Purdy's public-relations skills as "dreadful."

Levis says that, at the moment, Purdy has 18 development applications with the regional district, but most

are being held up because they don't conform with the community plan, or with provincial or federal environmental regulations.

In some cases, Purdy has forged ahead without official approval, prompting inspectors to "red tag" (issue cease-and-desist orders against) the developments.

"This would incense Purdy," says Evans, but it did not deter him.

Levis recalls that at an advisory planning committee meeting in Bamfield two months ago, Purdy announced that, from then on, he would advise committee members of his development plans, "but if we didn't agree with them, he would go ahead and do them anyway."

Heightening local concern is Purdy's association with Martin Chambers, a former Vancouver lawyer who has been linked to countless unsavoury business deals: narcotics importation, cigarette smuggling, the Enron Mortgage Corp. scandal, several controversial Vancouver Stock Exchange promotions and many other pursuits that would cause most mainstream businessmen to recoil in horror.

Chambers has had many business dealings with Purdy and has owned property in the area. (He sold the Burlo Island property to Purdy in 1996). Chambers also owns, through a nominee, the Laurier II, a 113-foot, former federal fisheries vessel that is permanently moored at one of Purdy's docks. Nearly derelict, the vessel maintains a haunting presence in Bamfield Inlet.

Earlier this month Purdy and Chambers were caught in a money-laundering sting called Bermuda Short.

Posing as Colombian drug operatives, FBI and RCMP undercover officers gave bags of U.S. currency to Purdy, Chambers and four associates who, according to indictments handed down by a Florida grand jury, agreed to launder the proceeds.

Two weeks ago, the undercover officers finessed Purdy and close associates Kevan Garner, Ronaldo Horvat and Harold Jolliffe, along with Chambers and his close associate Michael Hepburn, who runs a bank in Barbados, across the border into the United States and, in a single sweep, arrested all on American soil, thereby avoiding potentially expensive and time-consuming extradition proceedings.

Purdy was arrested in New York City and is being transferred to Miami to face money-laundering charges, raising a whole new set of questions in Bamfield.

Were his investments being financed from the proceeds of crime? If he is convicted, will his business assets be seized as proceeds of crime? If his ability to support his businesses -- which include the only marine fuel station in the area -- is curtailed, what will be the effect on the local economy?

## **DRIVING FORCE**

Purdy turned 52 on Aug. 15, the day he was arrested. He lives with Kim Galavan, who was secretary to Frank Giustra several years ago when Giustra was chairman of Yorkton Securities. Purdy's sister, Joan, has also been involved as a director and investor in many of his stock deals.

In his Howe Street life, Purdy has been closely associated with promoter Don Sheldon, the driving force behind many high-volume Vancouver junior companies, most involved in the exploration business. They include Pure Gold Minerals Inc., Castle Rock Exploration Corp. and Consolidated Bard Silver & Gold Ltd., all listed on the TSX Venture Exchange.

Through his lawyer, Sheldon told The Vancouver Sun that Purdy has been an investor in some of his companies. He also said Purdy was a consultant to Pure Gold and a director of Vertigo Software Inc.,

another TSX Venture company associated with Sheldon. He said that, after his arrest, Purdy was removed from these positions.

Purdy's main investment vehicle is Armac Investments Ltd., which has been involved in many junior stock deals and is the registered owner of most of Purdy's Bamfield properties.

## **IDYLLIC SCENE**

Bamfield is located along Pacific Rim National Park at the southern entrance to Alberni Inlet. The area is a mecca for sports fishermen chasing giant chinook salmon or gargantuan halibut. It is also the northern terminus for the West Coast Trail, which attracts serious hikers from all over the world, and there is some commercial whale watching.

With the demise of commercial fishing and the forestry industry in the 1990s, tourism has become king. The only large employer is the Bamfield Marine Research Centre, which is undergoing a \$12-million expansion.

The village -- which is accessible only by grinding gravel road, by sea or by air -- lies on both sides of Bamfield Inlet, a narrow stretch of water with houses, lodges, shops and sundry businesses clinging to both shores.

It is an idyllic scene, almost like a Hollywood set except that it is not contrived. The village and its component parts have a functionality and authenticity that ill-considered development could kill almost overnight.

It was on to this scene that Jack Purdy entered, with the vague and unsettling vision of creating a Whistler by the Sea.

For at least the past decade, Purdy has been acquiring properties in the Bamfield area. As his holdings grew, he began to talk about "putting Bamfield on the map." He acquired tracts of raw land and began to develop plans to build 300 houses on them. He also bought some key businesses.

## **OPENING POSTPONED**

The three-storey Bamfield Inn (also known as The Willows) is located in a prominent position, near a government dock and beside the Canadian Coast Guard station. Levis calls it the "focal point" of the town.

Purdy spent thousands of dollars renovating the structure inside and out. Like most of Purdy's projects, there were large infusions of capital, much activity, and then the workers would disappear. Opening dates have been postponed numerous times.

Marcia Murphy, who with her husband John manages the Bamfield Inn, said she was surprised by Purdy's arrest. She said the inn was scheduled to open on Sept. 1. "We are sitting on pins and needles trying to figure out what's going on. We get very little news here," she said.

The notion that the inn could have been ready for business on Sept. 1 is curious. Renovations have not been completed, there is hardly any furniture, the kitchen is in a complete state of disarray and there has been no apparent effort to book guests.

Asked whether the inn has done any marketing in advance of its anticipated opening, Murphy hesitated, then said, "There's a Web site, isn't there?"

## **GATHERING PLACE**

The Web site is another of Bamfield's mysteries. It is the Internet portal for the Hawkeye Marine Group, a loose coalition of Purdy businesses. Problem is, many of the businesses advertised on the site are not in business, or barely in business.

The Bamfield Inn is described as "the gathering place of locals and visitors and alike [with] an all-new 50-seat marine pub and restaurant with an expansive deck and patio area overlooking the busy harbor. Chef Fritz, recently of The Cannery and Mulvaney's in Vancouver, has created a menu guaranteed to satisfy the most discerning of tastes."

However, there is no pub, no restaurant and, if Chef Fritz has created a menu, it has not been used. Like most of the inn, the kitchen is in a complete state of disarray.

Another property listed on the Web site is the Six Acres Lodge, which appears as a grand, three-storey structure with columns and porches. No description is provided, which is just as well, because it is actually a pre-fab home that was erected in a storm about four years ago. The inside was soaked and the building was condemned. It has since been stripped of drywall, leaving bare joists. There is no landscaping, the property is a mess and the dwelling is uninhabitable.

Beside this building is another property owned by Purdy, a vacant property that is being developed as a commercial boat storage lot. Work on that property has also been stopped for some time. Levis notes there is supposed to be an eight-foot wide swath of vegetation along the front to shield the boats from public view, but all the foliage has been stripped.

## **PURDY LINK QUESTIONED**

The Web site also features Rush Marine, described as the Hawkeye Group's "partners in the marine industry."

"We chose Rush Marine as our partners in providing the best in recreational boating equipment because they are the people who understand families, fishing and fun! That's what we are all about at the Hawkeye Marine Group and that's what started the whole concept of Rush Marine."

However, Rush Marine owner Bonnie MacRae told the Alberni Valley Times that the only connection with Purdy was renting a site from him in Port Alberni. "I wrote him a rent cheque. That was it," she said. The company moved to Coombs about a year ago.

Also included on the Web site is the Ostrum's Lodge, part of a larger property that Purdy purchased from the Ostrum family of Bamfield. It included a machine shop and marine fuel station, both of which he promptly shut down, much to the consternation of local residents.

The only other marine fuel station in the area is the Kingfisher Marina, which Purdy controls through an agreement for sale. Last year, it charged 97 cents for mid-grade marked fuel, which some residents say was the highest in Canada. True or not, it prompted several local commercial operators to barge in their fuel from Port Alberni.

Now that Purdy is under arrest there is a more vital concern: Whether the Kingfisher Marina will cease operations and leave Bamfield without a commercial fuel station. Nobody is more concerned than Clay Evans, officer in charge of the Bamfield coast guard station, which is the main search-and-rescue facility in the area.

"The principal public safety issue is whether there is a reliable source of fuel for the community in general

and us in particular," he told The Vancouver Sun.

## **AIRPORT A CONCERN**

Local concern also extends to the airport, a small gravel strip carved out of the forest. Purdy bought it several years ago, for what purpose is not clear. There has been no apparent effort to market it, although there were three small planes, at least one of them American, parked there in late August when The Sun visited.

A hundred yards from the air strip is the tiny, weather-beaten home of Purdy's brother, Bob, and his wife and young daughter. Several equally beaten-up vehicles are parked on the property. The contrast between his obviously modest circumstances and his brother's purported wealth is striking.

Bob Purdy is known in town as a hard-working family man, a straightforward person who keeps a low profile and exhibits none of the bombast of his brother. He advertises fishing charters at the Bamfield Trails Motel, which his brother owns.

Asked whether he has talked to his brother since his arrest, Bob Purdy replies: "No." Then he adds: "I've got nothing to say to you people."

Joe Pearson manages the Bamfield Trails and oversees his other interests in the area. He has gotten wind of reporters in the area and has advised all Purdy's employees to say nothing.

"They are charges only," he says in an interview. "Everybody is innocent until proven guilty. Jack has always been straight up as far as I'm concerned."

He says he used to talk with Purdy two or three times a week, but hasn't spoken to him since Aug. 14, the day before he was arrested in New York. As for Chambers, he says he has never met him.

Pearson says the notion that Purdy has been financing his operations from the proceeds of money laundering is ludicrous. Money has been scarce and he has had to press hard even to buy new towels for the motel, which is clearly in need of upgrading. Pearson himself has gone long periods of time without being paid.

The motel pub, however, was recently renovated. Among the renovations was a new floor made out of Bolivian hardwood. Purdy and Jolliffe are directors of a B.C.-registered company called Bolivian Hardwoods Corp.

According to Inspector Marianne Ryan, operations officer of the RCMP proceeds-of-crime section in Vancouver, Purdy told the undercover agent that Bolivian Hardwoods was engaged in the harvest of timber in Bolivia and had an office in Vancouver.

"They were looking for investors in that corporation," says Ryan. "The undercover operators would provide the cash to one of the subjects, and some of that would be returned immediately. The remainder of the cash would be used to finance Bolivian Hardwoods' accounts receivable."

Ryan said that, while Chambers demanded a five-per-cent commission for laundering money, Purdy was content merely with the use of the money until he and his alleged co-conspirators returned it in laundered form.

Bolivian Hardwoods has also had dealings with NP Energy Corp., a publicly traded U.S. company linked to former Vancouver chartered accountant Leslie Price, who was caught in another leg of the Bermuda Short sting.

In September 2000, NP Energy announced it would acquire a 10-per-cent interest in Bolivian Hardwoods and Jolliffe would join NP's board. At the time, Price served as a director of NP Energy.

In the 1980s, Price was involved in several stock scandals, stripped of his chartered accountant's designation and slapped with a 15-year stock market ban in B.C.

NP had an equity interest in another publicly traded U.S. company controlled by Price called Medinah Minerals Inc.

According to the grand jury indictment, an FBI undercover agent, posing as the manager of a fictitious mutual fund, agreed to buy five million Medinah shares at \$1 each, well above the prevailing market price. As consideration, the grand jury alleges, Price agreed to kick back \$1.5 million to the fund manager through a Swiss bank account.

Price was arrested in the United States on Aug. 15 and has since been released on \$100,000 bail. Purdy remains in jail

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### **Properties owned by Jack Purdy in Bamfield**

**BAMFIELD AIRPORT:** Jack Purdy bought the local airport, a small gravel strip carved out of the forest, several years ago and all but shut it down.

**BAMFIELD INN:** Jack Purdy spent thousands of dollars renovating the inn inside and out. Opening dates have been postponed numerous times.

**HARBOURSIDE LODGE:** Another high-profile property acquisition in Bamfield Inlet. Neighbours say the lodge has only modest occupancy levels

**BAMFIELD TRAILS MOTEL AND PUB:** The motel pub was recently renovated. Among the renovations was a new floor made out of Bolivian hardwood.

**RANCE ISLAND:** The three-acre island in Bamfield Inlet and a tract of raw land on Burlo Island, also located in the inlet, are among Purdy's purchases.

**SIX ACRES LODGE:** Actually a pre-fab home that was erected in a storm about four years ago. The building was condemned and is uninhabitable.