

March 10, 2003

Another AMEX Scam Bites the Dust.

On November 2, 2000 Asensio & Company, Inc. wrote the U.S. Securities and Exchange Commission describing an apparent scheme to have a series of questionable companies listed on the American Stock Exchange ("AMEX") and subsequently included in the Russell Index. The letter described eight then recently AMEX listed companies that were involved in the scheme including two that were controlled by a Vancouver stock promoter and one that was controlled by a convicted bank felon. Rica Foods, Inc., a Costa Rican poultry producer, was one of the companies named in the letter. Click [here](#) to view the letter. On June 30, 2000, when Rica Foods was included in the Russell Index, Rica Foods' stock was trading at \$23.00 per share.

As a result of our work uncovering questionable activity at the AMEX and a subsequent article in BusinessWeek, the U.S. Congress requested an investigation of the AMEX's listing requirements. The investigation found that the AMEX used its discretionary authority to override its listing guidelines more often than was appropriate and deferred the delisting of companies for "excessive" time periods. The investigation concluded that the potentially negative impact of exchange practices on public confidence warranted continued monitoring of the AMEX listing program.

On January 21, 2003 Rica Foods announced that its filed Form 10-K for 2002 did not include a signed audit report from its auditors Deloitte & Touche. Rica Foods claimed that the Form 10-K "appeared to include a signed audit report from Deloitte & Touche." On January 22, 2003 Rica Foods' stock trading was halted by the AMEX for its failure to file a signed audited report with its Form 10K. At the time of the trading halt, Rica Foods' stock was trading at \$0.95 per share. On January 30, 2003, Rica Foods filed a Form 8-K disclosing that Deloitte & Touche resigned as Rica Foods' independent auditor. The filing also disclosed that Deloitte believes that Rica Foods was aware that Deloitte had not issued an auditors report and that Rica Foods had knowingly included an auditors report purportedly issued and signed by Deloitte. Rica Foods' stock is still halted from trading.

All of the other seven AMEX listed companies that were subsequently included in the Russell Index and described in our November 2, 2000 letter are either bankrupt or are trading below \$1 per share.

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VIA FACSIMILE # (202) 942-9636

November 2, 2000

David Levine
Special Advisor to the Director
Enforcement Department
Securities and Exchange Commission
450 5th Street NW
Washington, DC 20549

Dear Mr. Levine:

We have read SEC Chairman Arthur Levitt's and Annette Nazareth's responses to Representative John D. Dingell's letter dated September 18, 2000 concerning the quality of recently listed American Stock Exchange ("AMEX") publicly traded companies. I am concerned with the SEC's reply, which focuses solely on the AMEX's failure to comply with its own minimum quantitative listing requirements. While this regulatory failure is very troubling, and easy to document, it is not the only or nearly most important problem with the AMEX's listing compliance. More important to the integrity of the marketplace are those many companies that do not pass qualitative tests, yet are allowed to continue to trade on the AMEX long after they have been exposed as frauds. Certain AMEX leaders have been linked to the most notorious fraudulent underwriters and stock frauds. When leaders of a major institution are engaged in fraud, any scheme is possible.

I would like to illustrate that any scheme is possible by showing that 8 recent AMEX listings seem to have been manipulated for the special purpose of defrauding Russell Stock Index mutual funds. Numerous mutual funds seek to mimic the composition and performance of the Russell Index. Inclusion into the Russell Index is done mainly on the basis of a stock's stated market capitalization.

Once a stock is included in the Russell Index, it is then automatically purchased by Russell mutual funds. In the cases I am about to mention, the insiders owned a significant portion of the shares outstanding. Therefore, the stock purchased by the Russell mutual funds mostly came from the AMEX stock promoters.

In the time that followed the inclusion of these AMEX companies into the Russell indexes, their price has imploded, causing large losses for the funds and their investors.

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INC.

Mr. Levine
November 2, 2000
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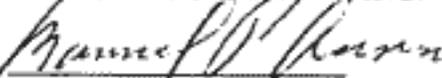
The stock performance of these companies in the three months and four months immediately after inclusion in the Russell is as follows:

AMEX Symbol	Date of AMEX Listing	Closing Stock Price 6/30/00 (1)	AMEX Price 9/30 % Change	AMEX Price 10/31	% Change
AI	02/15/00	\$6.31	\$2.31 -63%	\$1.56	-75%
CLN	05/31/00	\$2.88	\$2.44 -15%	\$2.00	-31%
MED	01/11/00	\$8.00	\$2.63 -67%	\$1.50	-81%
EMA(2)	03/17/00	\$12.81	\$10.74 -16%	\$8.65	-32%
EDV (3)	09/29/99	\$22.00	\$11.00 -50%	\$3.62	-84%
EDG	12/01/99	\$23.00	\$2.75 -88%	\$1.18	-95%
RCF	05/14/00	\$23.00	\$16.50 -28%	\$15.38	-33%
ONT (2)	06/30/99	\$5.13	\$2.49 -50%	\$2.28	-56%
Average Loss			-47%		-61%
Russell 2000 return in same period			1%		-3.40%

- (1) June 30, 2000 is the annual deadline for inclusion and removal from the Russell Index
Russell Index mutual funds can commence their automatic purchase prior to the
deadline.
- (2) Controlled by Vancouver stock promoter Ajmal Khan.
- (3) Controlled by convicted bank felon Andrew Evans.

Thank you for your attention to this matter. If you have any questions please call.

Sincerely,
ASENSIO & COMPANY, INC.



Manuel P. Asensio
Chairman, President and
Chief Executive Officer

MPA:cls