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## Zero Magic

### Shifting the Valuation Convention

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Goldin+Senneby:

# On a Long Enough Timeline the Survival Rate for Everyone Drops to Zero

**TARGET: AVXL**

**Company: Anavex Life Sciences Corp.**

**Ticker: AVXL**

**Date of short sale: 21 April 2016**

**Short at: \$ 5.22**

**Target price: < \$ 3.00**

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## **Anavex Has Found the Drug to Make Individual Investors Lose Their Memory About Its Many Worrying Signals**

### **1. Anavex: from printing to Alzheimer**

Anavex was once called Thrifty Printing. It was an OTC-listed company specialized in the business of digital to photo print. It failed. In March 2006, 50% of Thrifty Printing was sold to Athanasios Skarpelos, a Greek “consultant” who still owns a large part of Anavex’s stock and whose background is still largely unknown. In December 2006, Thrifty Printing bought three unknown patents from a Greek doctor (Dr Alexandre Vamvakides who later became Chief Scientific Officer of the company and still later sued the company to get back his patents). In 2007, the company appointed a new CEO coming from investment banking, Christopher Missling (whom I will call “Dr Pump & Dump” throughout the rest of this article).



Anavex’s CEO Christopher “Pump & Dump” Missling (center) with Anavex’s director of business development Nell Rebowe (left) during Anavex’s introduction to Nasdaq

Skarpelos and Missling renamed Thrifty Printing as Anavex Life Sciences Corp and decided to use its three “sigma-receptor” patents to cure Alzheimer, Parkinson, cancer and to earn a lot of money.

From 2007 to 2015, the development of Anavex’s stock price was quite chaotic; it went from \$10-per-share to \$1-per-share, then in October 2015 it surged to \$10-per-share and then fell brutally to \$3-per-share. Anavex’s stock price is hard to evaluate given the multitude of

events that affected the number of shares: splits, reverse splits, issuance of millions of outstanding shares, introduction to Nasdaq, etc.

However, Anavex's market cap has increased from \$8.7m in September 2014 to \$38.9m in June 2015 to \$192.7m today – ie. a 493% increase in its market cap over the last 11 months and a 2206% increase in market cap over the last 21 months – while Anavex's asset has remained exactly the same.



Anavex's stock price over the last 12 months: from \$1.5 to \$5.6  
(including a pump & dump frenzy in October)

## 2. Sigma-receptors: a big beta for investors

Anavex currently reports three drugs under “pre-clinical development” (ie. ghost drugs that will never be developed) and one drug under phase IIa (Anavex 2-73) which aims to cure Alzheimer. This drug is designed to affect the brain's sigma-receptors in order to improve Alzheimer patients' cognitive abilities.

First of all, what is Anavex's sigma-receptor?

Anavex is a healthcare company targeting a multitude of diseases through action on sigma-receptors. Sigma-receptors are proteins present in some regions of the central nervous system that interact with various molecules. The function of these receptors in the brain and the way they are involved in the development of pathologies is still largely unknown, although some articles have linked sigma-receptors to lots of diseases, from cancer to schizophrenia and depression. Anavex's patents are related to the elaboration of some new ligands, that is to say chemical molecules that bind themselves to sigma-receptors and, in doing so, have an effect on the way nervous cells work and interact with each other.

With these patents, Anavex aims to build a “sigma-receptor platform”. Arguing that “sigma-receptor” drugs will solve many different diseases (from cancer to Parkinson's and Alzheimer's), the company claims to have established a platform for such development. Talking about “platform” each time you buy three patents and build a company around them is quite common. Because when you talk about “platform” investors hear the word “scalability”. For instance, RNAi companies have all established “RNAi platforms”.

The trouble with “sigma-receptors” is that at the moment it is no more than a name given to a receptor which is present in neurons: no one knows how it acts, how it is tied to other biological processes, or its relationship to other elements of neurons. In the case of RNAi, companies have a clear idea of how their technology will act: it will introduce new elements into the cells' RNA in order to affect the way DNA is interpreted, that is to say affect the

cells' protein production. For "sigma-receptors", the situation is quite different: no one knows how these receptors interact with neurons and Anavex has absolutely no idea of the way its drug could work. Its promotional movies showing molecules moving into people's brain and "destroying" the waste accumulated there are pure IR bullshit: they have absolutely no scientific basis because Anavex has no idea how its molecule affects neurons.

As it has absolutely no idea of how its drug will work, Anavex makes the bet that it can address Alzheimer's disease, but also Parkinson's disease and even cancer. It's like taking a random molecule that interacts with a random brain protein and selling it to individual investors saying: "cancer is a huge, horrible disease and this molecule may cure it – buy my stock". Well, that's true; but there is a very high probability that it won't work.

But of course: if Anavex's scientific concept were not surrounded by an esoteric scientific fog, it would not be fitted for a proper pump and dump operation!

### **3. Anavex's battlefield: fanatic and irrational investors**

Why has Anavex performed so well in the last 2 years? First, let's look at who owns the stock. Who's the typical investor in Anavex? An individual investor. 97% of Anavex's shares are held by individual investors – a worryingly large proportion for a Nasdaq company.

And who are these individual investors? If you look at the community of Anavex investors, approximately a third of them have invested in Anavex because they think they are doing good by giving money to the company ("generous investors"); a third of them have invested in Anavex because either they are or one of their parents is affected by a neurodegenerative disease ("affected investors"); a third of them have invested in Anavex because they expect to earn a lot of money from speculation ("greedy investors").

First, the "generous investors": those who want to do good.

Moving Forward: At this time, I am holding 50,000 shares and intend to hold all 50,000 shares through Phase II A, Part B. For personal reasons, I have decided that I am going to use my remaining equity I acquired from selling 10,000 shares to bring my personal debt to \$0, with the exception of my investment property mortgage. I understand the opportunity cost in doing this should AVXL skyrocket; however, I also understand the importance of mental tranquility when all debt is paid off, and any added fortune AVXL might bring my family is simply a blessing from God. With the remaining cash on hand, I intend to day trade AVXL in an effort to further my self-driven educational agenda. I remain fully confident in Anavex Life Sciences; however, I encourage you to do your own DD and arrive at your own conclusions. Moreover, I can assure you a few hours of DD will bring you much more confidence in your investment than weeks of speculating and following others about PPS on social media.

Lastly, I encourage each of you to counter-argue any points or conclusions you may disagree with regarding what I have stated in this DD.

God bless you, your family, Anavex, and those affected by Alzheimer's.

Typical Anavex investor: "any added fortune [Anavex] might bring my family is simply a blessing from God (...) God bless you, your family, Anavex and those affected by Alzheimer's"

On one end, as you will see, we have people who are part of the American jet-set and receive millions every year from the company to party all over the world; on the other end there are individual shareholders who believe investing in Anavex is part of a religious duty and who are ready to spend money in the company while they still have a mortgage to repay.

Secondly, approximately 30% of Anavex investors have parents affected, or are directly affected, by neurodegenerative diseases (“affected investors”).

↑ Valuating Anavex Life Sciences (AVXL) (self.pennystocks)

In my opinion, the value of Anavex stock depends on the upcoming results of the phase 2a clinical drug trial of Anavex 273 which is currently underway. The preliminary results are scheduled to be released in the 3rd quarter of 2015 (July-Sept.). If that news shows it is at least marginally effective against Alzheimer's (and by extension, against Mild Cognitive Impairment), then Anavex stock will be worth a lot. If that news shows it is ineffective, it will be worth very little.

I have Mild Cognitive Impairment, which may be an early stage of Alzheimer's, and there are no effective drugs for MCI or Alzheimer's. DISCLAIMER: I own a bunch of Anavex stock, although I hope Anavex 273 works well more for my brain than for my portfolio. This is my favorite stock.

Anavex Life Sciences is still in an initial research stage, meaning it has no products yet, and no revenue. That means a lot of traditional means of valuating a company won't work. For example, you can't apply a "times-earnings" formula, because they have no earnings. There are many ways to estimate a company's value, however, and here is what I

Some individual investors are patients hoping for a cure

Thirdly, another 30% of Anavex investors are just hoping to earn money from the stock (“greedy investors”).

[steq](#) > [Biotechns](#) > [Anavex Life Sciences Corp \(AVXL\)](#)

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[dranesthesia1](#)

Sunday, 04/17/16 08:43:01 AM

**Re:** XenaLives [post# 59332](#)

**Post #**  of 61156

You wouldn't take a 100\$/share buyout?

Greedy investors talking about a \$100 per share buyout – stop dreaming, guys: that's not going to happen!

Common to all of these individual investors is their lack of elementary financial knowledge and their complete irrationality with regard to Anavex's performance. Completely blinded by their faith in Anavex's management and their belief that Anavex 2-73 is the miracle cure for Alzheimer, they are ready to get most of their money pumped by exorbitant executive compensations without noticing anything.

[hooperg83](#)

Friday, 11/13/15 07:09:49 PM

**Re:** None

**Post #**  of 61186

**Investigation Details**

ALCON,

Regarding the rampant price manipulation of AVXL:

I've heard back from an organization in D.C. that specializes in ethics/securities manipulation. They were VERY interested in the information that I provided. They indicated that they may forward it onward to additional specific individuals/organizations, and that they would be in touch personally very soon.

I replied and asked if the details of our e-mail exchange should remain confidential. Awaiting his reply. I'll post additional details (if I can) as soon as he replies.

Fanatic individual investor denouncing the “rampant price manipulation” of Anavex



In addition, the strong organization of this community of individual investors through many Internet forums contributes to fueling the fanaticism of the community. These investors behave like a group of paranoid conspiracy theorists, describing any negative news or article, any criticism of Anavex as a short attack/a plot led by powerful hidden actors. Despite the huge increase in Anavex's value, they still believe that the stock should be worth more and that its current price is the result of a manipulation from short-sellers and other powerful people. I spare the reader details about the nicknames used to discredit critics of Anavex (Adam Feuerstein being called AF and regarded as the devil; Seeking Alpha author Melissa Davis called Messlissa; etc.).

I don't deny that fanaticism can be justified in some cases: people who suffer from a neurodegenerative disease have strong reasons to hope that Anavex will succeed. But on strictly financial terms, a company that relies on investors' fanaticism is clearly not a good deal for rational investors.

Yes: it is heart-breaking to say, but all these people are (under more or less cruel circumstances) being fooled and deceived by Anavex.

#### **4. The strangest balance-sheet on earth**

*Highly incentivized executives.* First, Anavex's income. Regarding income, things are quite simple. As Anavex points out in its 2015 annual report: "We have not earned any revenues since our inception on January 23, 2004 (...) and do not anticipate earning any revenues until we can establish an alliance with other companies to develop, co-develop, license, acquire or market our products."

Now, Anavex's expenses. Here, the situation is far less clear. Indeed, Anavex's structure of expenses is highly suspect. In 2015, the \$192m company has spent \$7.1m:

- It has spent \$4.8m in general and administrative (G&A) expenses,
- It has spent \$2.3m in R&D expenses.

Well, for a developing company that has no factory, no marketing, no commercial team – in short, for a company that is supposed to do nothing except R&D – this distribution of expenses is very suspicious. In addition, the difference in the rise between G&A and R&D expenses is quite spectacular: G&A expenses increased by \$2.6m whereas R&D expenses increased by \$1.5m – the more money the company has, the less it spends on R&D. Where is the scale effect?

Now, how can we understand these growing "general and administrative" expenses?



Well, the answer is quite simple: executive compensation, executive compensation, executive compensation.

In 2014, Anavex's executive compensation was \$770,000; in 2015, Anavex spent \$2.6m on executive compensation (more than the total R&D budget!). In 2015, Christopher Missling's compensation (salary + bonus + other cash compensations + stock options) equaled \$1.7m, or 35% of the general expenses of the firm. Thus, executive compensation increased by \$1.9m in 2015: the increase in executive compensation represented 75% of the increase in G&A expenses and more than 60% in the increase in operating expenses of the firm.

In other words: shareholders think they are paying for a research company focused on Alzheimer's, but most of Anavex's new money is spent on executives' compensation.

*Where does the money go?* The problem with Anavex is that as it has only 7 employees (we'll talk about them in the next part), it looks like a shell company: Anavex is an empty company with money flowing through it to other companies and consultants.

This is a huge problem for shareholders.

Why? Because the reporting procedures imposed by the SEC are precisely designed to inform shareholders on the state of the company they have invested in – and here, shareholders have absolutely no information of what is going on with their money outside of Anavex's shell.

Why is this problematic? Let's look at Anavex "R&D expenses". Anavex spends a very little proportion of its R&D expenses on internal R&D: actually, lots of articles have already demonstrated its total lack of internal R&D (the company has only one microscope in all its office, etc.). Thus, the company buys R&D services from external companies, in particular CRO companies that test its drug.



## ANAVEX CURRENT PIPELINE PORTFOLIO PROSPECTS

### Development Timeline and Costs 2009 - 2013

COMPUND		YEAR				
		2009	2010	2011	2012	2013
ANAVEX 3-97	Cancer (Indic. Melanoma)	Pre-clinical	Phase II	Phase II / III	Phase III	Phase III
ANAVEX 7-1037	Cancer (Indic. Prostate)	Pre-clinical	Phase I	Phase I / II	Phase II / III	Phase III
ANAVEX 22-1068	Cancer (Indic. Pancreas)	Pre-clinical	Phase I	Phase I / II	Phase II / III	Phase III
ANAVEX 2-73	Alzheimer's	IND	Phase I	Phase II	Phase II / III	Phase III
ANAVEX 2-73	Diabetic Degenerations	Pre-clinical	Pre-Clinical	Pre-clinical	IND / Phase I / II	Phase II
ANAVEX 19-144	Epilepsy	Pre-clinical	IND / Phase 1	Phase I	Phase II	Phase II / III
ANAVEX 1-41	Alzheimer's	Pre-clinical	IND	Phase I	Phase II	Phase II / III
ANAVEX 1-41	Depression	Pre-clinical	IND	Phase I	Phase II	Phase II
ANAVEX 10-90	Pain	Pre-clinical	Preclinical	Pre-clinical	IND / Phase I / II	Phase II

#### ANAVEX'S TOTAL ESTIMATED ANNUAL R&D COSTS (IN US\$ MILLION)

Year	2009	2010	2011	2012	2013	Total
	2.8	8.8	24.5	44	62.5	142.6



Slide: 7

Anavex's expected R&D developments in 2009: results are far from it  
(but Chris Missling got his bonuses)

This leads to strange situations. For instance, in 2008 Anavex appointed Dr Tangui Maurice, a French researcher in neurodegenerative diseases, to its scientific advisory board: the company benefited from the reputation of this scientist. In return, from 2012 to 2015, Anavex ordered several tests and articles about the effect of Anavex 2-73 on mice from Tangui Maurice's company Amylgen. So it seems Anavex spent money on Amylgen to get results proving the efficiency of its drug and in return, Tangui Maurice sat on the scientific advisory board and let Anavex benefit from his scientific credibility. And none of this is declared in 10-K or 10-Q SEC filings...

Some other transactions are equally strange: for instance, from 2011 to 2015, Angelos Stergiou was "VP and clinical development head" of Anavex. From 2010 until recently, he was also the President and COO of a CRO company called Genesis BioPharma Group, based in Greece, which had numerous contracts with Anavex. Where did this money go? Why was it necessary to hire a guy who was working at the same time for a company you pay to do your R&D?

More generally, Anavex's annual reports don't let investors know about the amount of money spent on "consulting fees" to buy the services and the reputation of well-known scientists. Some basic research on the Internet can help to show that Anavex actually spends money on these consulting fees not only for Tangui Maurice or Angelos Stergiou, but probably for most of the members of Anavex's advisory board:

## Cognitive and Functional Decline and Their Relationship in Patients with Mild Alzheimer's Dementia

Manuscript Number:

14-0792R2

Author(s):

Paul Aisen, Jeffrey Cummings, Baoguang Han, Hong Liu-Seifert, Richard Mohs, Karen Price, Joel Raskin, Katherine Selzler, Eric Siemers, Karen Sundell

### Disclosures

Paul Aisen

#### Consulting Fees:

Dr. Aisen serves on a scientific advisory board for NeuroPhage; has served as a consultant to Elan, Wyeth, Eisai, Bristol-Myers Squibb, Eli Lilly and Company, NeuroPhage, Merck, Roche, Amgen, Genentech, Abbott, Pfizer, Novartis, Bayer, Astellas, Otsuka, Daiichi, AstraZeneca, Janssen, Medivation, Ichor, Toyama, Lundbeck, Biogen Idec, iPerian, Probiobrug, Somaxon, Biotie, Cardel, **Anavex**, Kowa Hakkō Kirin Pharma, Medtronic, Abbvie, Cohbar; and receives research support from Eli Lilly, and the NIH [NIA U01-AG10483 (PI), NIA U01-AG024904 (Coordinating Center Director), NIA R01-AG030048 (PI), and R01-AG16381 (Co-I)].

#### Grants

Agency: Lilly

Dates: 2012-present

Jeffrey Cummings

#### Consulting Fees:

Consultation: Acadia, ADAMAS, **Anavex**, Anir, Boehringer-Ingelheim, Eisai, EnVivo, GE Healthcare, Genentech, Lilly, Lundbeck, MedAvante, Merck, Novartis, Otsuka, Pfizer, Prana, QR Pharma, Resverlogix, Roche, Sonexa, Suven, Takeda, Toyama

#### Equity:

Stock: ADAMAS, MedAvante, Neurotrax, Prana, Sonexa, Neurokos, QR Pharma

Patents/Royalties

Neuropsychiatric Inventory

Paul Aisen and Jeffrey Cummings, members of the scientific advisory board, extract shareholders' money in the form of "consulting fees" from Anavex... but they don't believe enough in it to own its stock!

Another example: in 2009 (Anavex was at the time directed by the same management team as today), Anavex tried to find a partnership with a big pharmaceutical company. It decided to hire someone to identify such opportunities. It paid high consulting fees (\$600,000 in total) to a company called NAD Ltd, based in Cyprus, completely unknown, to find partnerships with European or American pharmaceutical companies. NAD Ltd was directed by "Dr Nick Demos", "an experienced operator at providing investor relations consultancy and related programme implementation services". Nick Demos is now the head of a company called "Hellenic Investor Relations Institute" (quite unknown as well). I will not discuss here the choice to spend more on stock promotion consulting fees than on R&D for a microcap biotech, as I will talk about stock promotion later. I will focus on the use of shareholders' money in these very expensive consultancy fees paid to unknown service companies. "NAD Ltd": why? Why choose an unknown Cyprus-based company instead of a well-established corporation specialized in doing IR for US-investors?

Expenses	Year ended September 30,		January 23, 2004 (Date of Inception) to September 30, 2013	
	2013	2012		
Accounting and audit fees	\$ 136,758	\$ 139,761	\$	798,872
Amortization and depreciation	576	1,858		5,631
Bank charges and interest	4,397	5,963		46,704
Consulting fees - Note 8 and 9	271,898	1,155,366		12,015,989
Insurance	16,125	10,844		75,121
Investor relations	128,575	108,138		960,282

By September 2013, Anavex had already spent \$12m in consulting fees

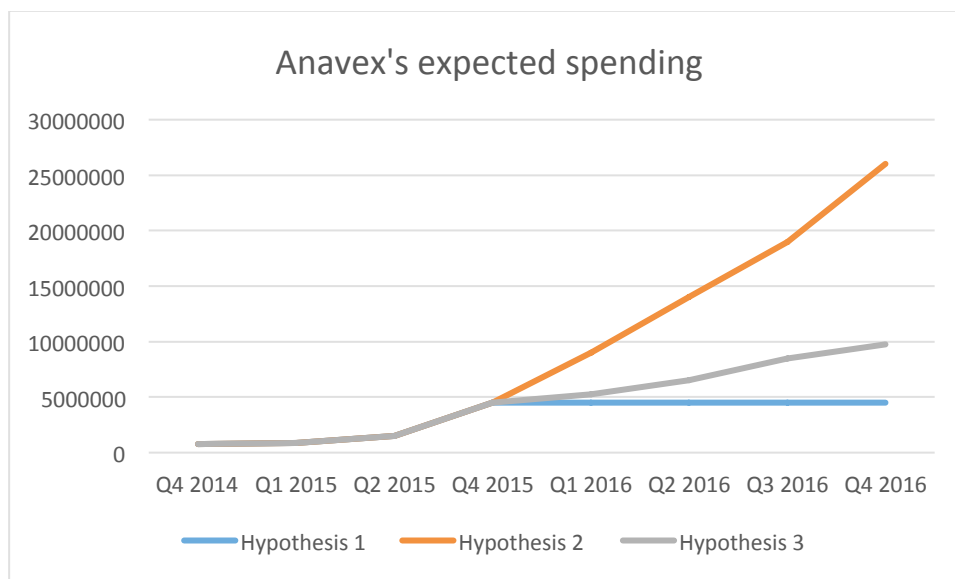
Actually, the huge amount of consultancy fees, the use of unknown companies in foreign countries such as Cyprus, known for their opaque shell company structures, and the use of particular service companies tied to the board of Anavex for alleged R&D expenses are not transparent at all. This opacity may be precisely the reason for their use by Anavex's managers. I don't say that this money went to Skarpelos' or Missling's pockets through shell companies as there are no explicit proofs of that at the moment, but it is clear that Anavex's executives work in a way that makes it very hard to know the final use of shareholders' money.

*Cash shortage (=big dilution) is coming.* At the end of last year, Anavex had no more than \$18m in cash. The company is now burning its cash at a worryingly high speed. The last quarterly report says everything: in the last quarter of 2014, the company's operating expenses were \$770,678; in the last quarter of 2015, the company's operating expenses were \$4,532,434. And keep in mind that these operating expenses are going to grow, both because of the phase 2 undergoing and because of executives' growing compensation.

Let's take historical averages to estimate Anavex's cash consumption: if you take Anavex's 2014 operating expenses, Anavex spends \$3m per year; if you take Anavex's 2015 operating expenses, it spends \$7.1m per year (for the fiscal year ending in September 2015). But if you take the accelerating dynamic of Anavex's expenses, it has passed from a \$770,000-per-quarter expenses rate in 2014 to a \$1.7m expenses rate in 2015 to a \$4.5m-per-quarter expenses rate in the last quarter of 2015.

There are three different hypotheses regarding the future financial situation of Anavex:

- Assuming that the \$4.5m-per-quarter expenses rate will remain stable, Anavex will spend \$18m in 2016 – it will run out of cash at the end of the year (hypothesis 1).
- Assuming that Anavex's operating expenses will continue growing at the same rate as it did in 2014 and 2015, the operating expenses of the last quarter of 2016 could grow to \$26m per quarter or \$70m in 2016 (hypothesis 2).
- Let's take a reasonable hypothesis between these two extreme ones (hypothesis 3): Anavex's operating expenses will continue to expand each quarter, but at a slower rate. I estimate that in this case, Anavex will spend approximatively \$30m in 2016.



In hypothesis 1, Anavex would not need to raise money to fund its growth during 2016 (although it would finish the year with \$0 in cash and would need to raise \$18m for 2017).

In hypothesis 2, it would need to dilute massively shareholders with a \$58m fundraising (ie. a 30% dilution if the stock price remains constant, which is very unlikely in this hypothesis).

In hypothesis 3, the most reasonable one, it will need to raise between \$12m (to avoid bailout) and \$30m (to maintain its cash reserves) through stock issuance, ie. a 7% to 12% dilution of the stock (if the stock price remains constant, which is not sure).

## 5. Curing Alzheimer's, Parkinson's and cancer with 7 employees

Let's now review Anavex's 7 employees. Yes, only seven – and some of them work part-time. How does a team of 7 people manage to cure Alzheimer's, Parkinson's and cancer? How does such a team manage to make a \$180m company perform in the long run? What is their secret? Answer: they have a lot of time to party hard.

The first of these employees is Anavex's CEO Christopher "Pump & Dump" Missling. I will not talk anymore about Missling as I have already extensively reported about him and his compensation. He does not deserve so much attention – I'll just insert a little picture which sums up his jet-set lifestyle.



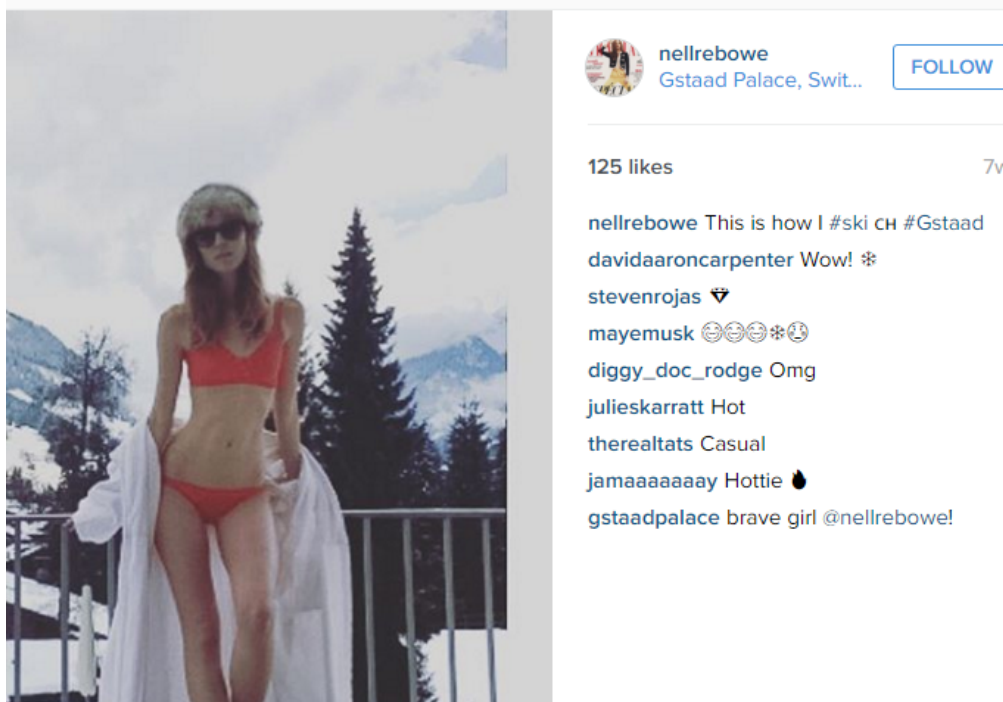
Anavex's CEO Christopher Missling (left) loves models – here drinking champagne in a Dior Beauty party at the Boom Boom Room, Standard Hotel, New York (2010)

Now there are 6 remaining, let's look at them in some detail:

Basic instincts. The second employee of Anavex is its investor relations manager, Nell Rebowe. How to present her? Two years ago, Anavex was looking for an investor relations executive. In such a small company with large fundraising needs, investor relations is a CRUCIAL part of the game.

Anavex had multiple choices for the investor relations executive: they could have recruited someone with an impressive track-record of Nasdaq biotech companies, used to dealing with large fundraising issues. They could have recruited an experienced doctor specialized in Alzheimer's studies, who could have convinced institutional shareholders to trust Anavex and to invest in the firm.

But instead Anavex recruited Nell Rebowe, a 25-years-old model who just graduated from an unknown US college, as "director of business development and investors relations". Nell Rebowe's motto is (according to her Instagram account): "high fashion meets neuroscience" – this is a good introduction to her.



Nell Rebowe seems very successful in her fashion career. She is featured on a lot of magazine covers, she is invited to numerous fashion events. But for Anavex’s shareholders, the problem is that she spends a disproportionate amount of time on fashion shoots considering her professional responsibilities for Anavex – actually she seems to be traveling everywhere, except to Anavex’s New York offices:



Nell Rebowe doing photo shoots in France, Germany, Morocco

A part-time CFO for a Nasdaq company. Two years ago, Anavex proudly announced that it had recruited a high-class CFO: Sandra Boenisch. Well, actually it appears that Sandra Boenisch is not exactly a high-class CFO: she has never managed any Nasdaq company before and is absolutely not experienced in dealing with large \$150m companies. But let’s assume that she has the ability to do the job: she is qualified and competent in accounting after all.

Here is the problem: contrary to what Anavex has led investors to think, Sandra Boenisch is not directly employed by Anavex. As her Linkedin account shows, she is a partner at Assent Advisory Partners, which is a “professional services firm providing Chief Financial Officer,



controller and corporate secretarial services to private and public companies in Canada and the United States”. So her main work is not CFO at Anavex but partner at Assent Advisory Partners. She might work for other companies as temporary CFO at the same time. And she does not work in New York, but in Vancouver. So actually, she is an interim CFO working part-time from her computer.

After all, Hippocrates was Greek. The fourth employee of Anavex is Pondiki Stavroula. He lives in Athens. Like Sandra Boenisch and Nell Rebowe, he works part-time for Anavex as he is also a member of the academic staff of the TEI of Athens (a quite mediocre research institution in Greece). Pondiki Stavroula, as a part-time worker, has been given a crucial position in Anavex: he is the “head of central nervous system department” and “R&D researcher”. As such, he has an almost non-existing research track record – he has contributed to only 3 academic articles barely related to Alzheimer’s, as a minor author, in the last 10 years.

The fifth employee of Anavex is a Greek pharmacologist with the same level of competence as Pondiki Stavroula – and a comparable track record of publication.

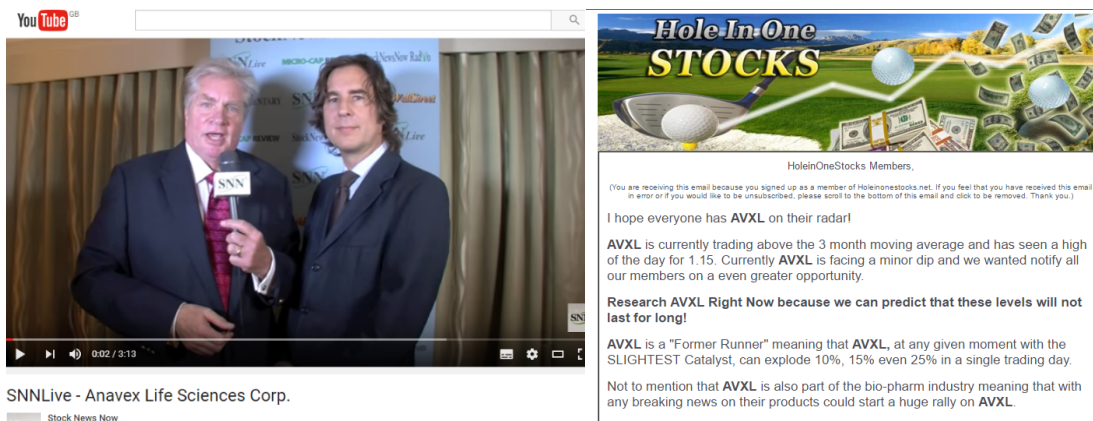
Two recent recruitments. Finally, Anavex has recruited two seemingly competent employees, Daniel Klamer (“senior director of business development”) and Ulrich Elben (“VP preclinical operations”) in September and December 2015. Will these two guys be strong enough to cure Alzheimer’s, Parkinson’s and cancer?

## **6. Anavex knows how to pump its stock**

Classical pumping scheme. Anavex has paid so many stock promoters that it is hard to make an exhaustive listing of them – and many reports on the Internet already identify these promoters. Attentive readers will recall the \$600,000 paid to NAD Ltd. Well, that’s one. But there are many other IR firms/stock promoters that gravitate around Anavex.

In 2012 (when it was still listed on the OTC market), Anavex used to buy promotional emailing from really cheap penny-stock promoters such as SquawkBoxStocks, HoleInOneStocks, AwesomeStocks – companies whose business rely on finding individual investors and sending them tons of emails about “fantastic investment opportunities”.

At the time, Anavex was featured by many micro-stock promoting organizations such as Stock News Now (see pictures). From 2009 to today, Anavex has remained in contact with numerous “investor relations” companies such as Primoris Group, an IR company based in Canada, specialized in micro-cap suspicious gold-mining companies: the investor relations phone number mentioned in Anavex’s SEC reports used to be the number of Primoris Group.



The old investment bank promotional game. Once listed on Nasdaq, Anavex has used more sophisticated promotional schemes than purely penny-stock promotion: it has remunerated dubious investment banks to issue its stock in exchange for positive coverage (Lincoln Park's "investment bank" well-known as a promoter, Maxim Group's Jason Kolbert already seen in Keryx case, FBR Co's Christopher James already seen in Alnylam case);

	Price Target
Maxim's Group	\$15
FBR Capital	\$10

What is the independence status of these analysts?

First, let's look at Maxim Group. The analyst who is rating Anavex at Maxim Group is Jason Kolbert, well-known for his numerous biotech failures such as NBS and KERX.

<u>Selling Security Holders</u>	<u>Dollar Amount/Payment</u>
Auriga Global Investors SU, SA <sup>(1)</sup>	-
Auriga Investors-Montserrat Global Fund <sup>(1)</sup>	-
Hudson Bay Master Fund LTD <sup>(1)</sup>	-
DAFNA LifeScience LP <sup>(1)</sup>	-
DAFNA LifeScience Market Neutral L.P. <sup>(1)</sup>	-
DAFNA LifeScience Select L.P. <sup>(1)</sup>	-
Joann Mostovoy <sup>(1)</sup>	-
Sabby Healthcare Volatility Master Fund, Ltd. <sup>(1)</sup>	-
Sabby Volatility Warrant Master Fund, Ltd. <sup>(1)</sup>	-
Sphera Global Healthcare Master Fund <sup>(1)</sup>	-
HFR HF Sphera Global Healthcare Master Trust <sup>(1)</sup>	-
Maxim Partners LLC <sup>(2)</sup>	\$700,840.00

(1) The Company was not required to pay, and no Selling Security Holder having shares registered hereunder has received payment from the Company, in connection with the Securities Purchase Agreement.

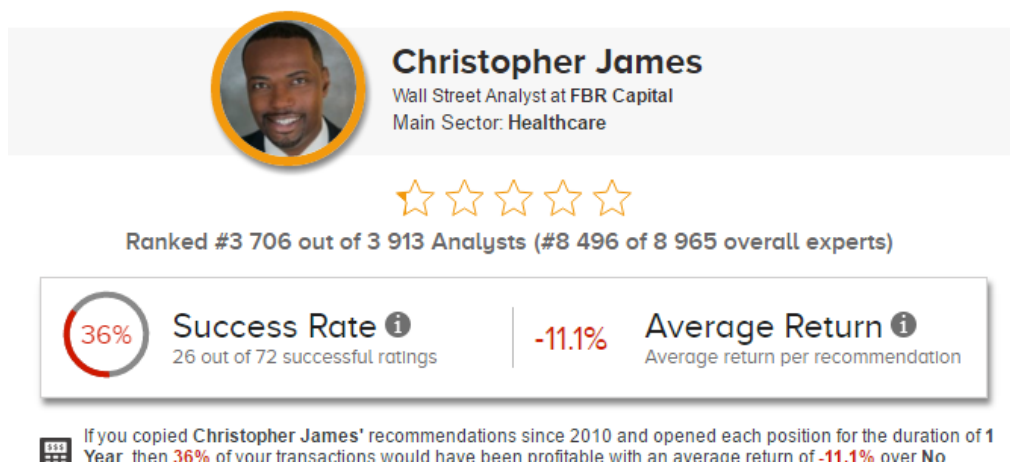
(2) Maxim Partners LLC is an affiliate of Maxim. Maxim served as the exclusive placement agent in connection with the Securities Purchase Agreement. Maxim was paid \$700,840.00 and was issued Warrants, in the name of Maxim Partners LLC, representing the right to purchase up to an aggregate of 1,000,000 shares of Common Stock. Maxim Partners LLC is not a Selling Security Holder

Beginning 2015, Maxim Partners LLC (a company affiliated to Maxim Group) received \$700k to issue new Anavex stock

Now, if you look at FBR Capital Markets & Co, the analyst who recommended buying Anavex's stock was Christopher James. He is lesser known than Jason Kolbert but he has an impressive record of promoting companies with extremely poor results. Actually, Christopher



James is one of the 200 worst analysts in Wall Street in terms of performance: he misses his targets 6.5 out 10 times and those who followed his recommendations have had a -11% average return on their capital (and that's on average).



Anavex always attracts the smartest people

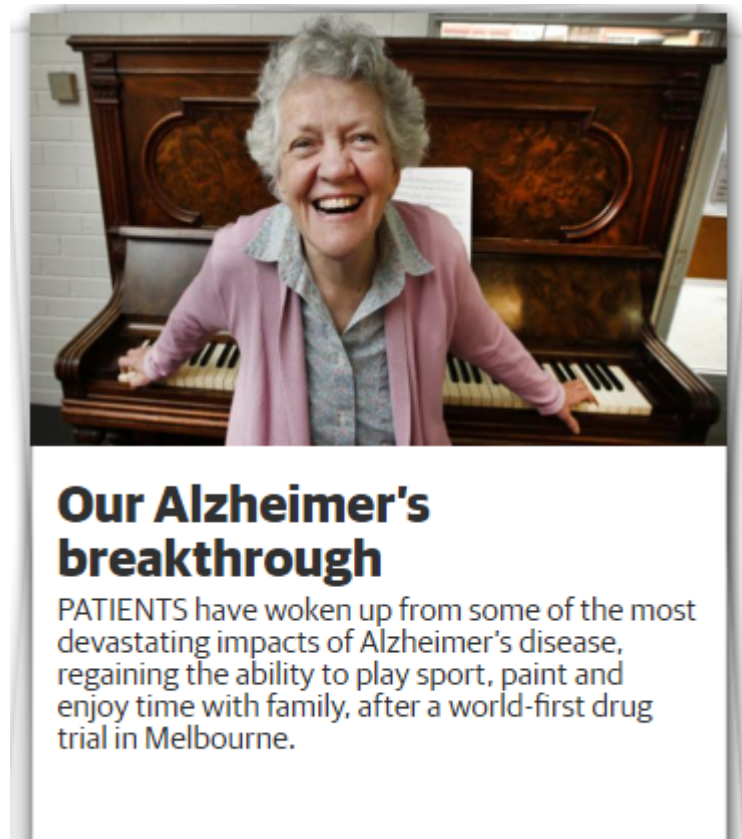
Last but not least, Lincoln Park Capital. Lincoln Park has not set any price target for Anavex but has signed an agreement with the company: it has agreed to buy as much as \$50m in shares over the next years in a strange deal that has been labeled “toxic” by some observers. This news, which has been announced as an endorsement from an “institutional investor” by Anavex, has fueled individual investors’ hope in a future recognition of Anavex’s qualities.

Actually, the reality is quite the opposite. As explained by many observers, the Lincoln Park deal is hugely negative for current shareholders as it will dilute them strongly. In addition, the involvement of Lincoln Park should not be seen as positive news for the company (as would have been the involvement of a true “institutional investor”). Over the last 12 months, companies who dealt with Lincoln Park Capital have had very negative returns on their stock prices.

Lincoln Park Capital Deals Since April 2015						
Symbol	Date	Market Cap	\$ Amount	Start Price	Close Price	% Return
AVXL	10/21/15	\$216	\$50	\$8.94	\$6.06	-32%
NEPH	7/27/15	\$13	\$10	\$0.64	\$0.26	-59%
OGXI	4/30/15	\$32	\$16	\$2.01	\$1.08	-46%
UNIS	7/29/15	\$84	\$45	\$1.87	\$0.58	-69%
GLTC	8/12/15	\$21	\$10	\$0.74	\$0.37	-50%
OBMP	10/26/15	\$28	\$10	\$1.70	\$0.48	-72%
CRME	1/12/16	\$88	\$20	\$6.70	\$4.37	-35%
PARN	1/20/16	\$29	\$15	\$3.29	\$2.11	-36%
HTM	1/25/16	\$82	\$10	\$0.58	\$0.75	29%
LWLG	2/1/16	\$48	\$20	\$0.69	\$0.64	-7%
Average Return						-38%
Average Return of 2015 deals excluding AVXL						-59%

In short: individual investors, don’t believe what promoters and analysts tell you about Anavex! Instead, listen to the many worrying signals...

*Promotional miracles.* Most recently, Anavex has benefited from very positive coverage from an Australian local media about its 2-73 drug's clinical trials. These clinical trials are led at the Caulfield Hospital in Melbourne by a doctor called Stephen MacFarlane. On the 26<sup>th</sup> of April, a TV station broadcast a 2-minute report of a grand-mother who allegedly regained her ability to play the piano after having taken Anavex's drug, and of an elderly man who regained his ability to play golf.



In April 2016, this old lady regained her ability to play the piano thanks to Anavex 2-73 drug, according to Stephen MacFarlane

On the same day, Maxim Group (an investment bank who is likely to be hired by Anavex to issue new stock) set a bullish price target for Anavex. The stock surged by 15% then fell during the rest of the week by approximately 10% - beautiful pump and dump operation. A few days later, Stephen MacFarlane participated in another local radio interview where he repeated his anecdotes. And actually, he had already begun the promotional game a few months earlier, with less success, labeling the drug as “miraculous” (before any serious clinical investigation). What was wrong with this report?

# Miracle hope in Victorian trial of new Alzheimer's pill

January 27, 2015 9:57pm

Lucie van den Berg Herald Sun



In January 2015, before the beginning of phase 2, MacFarlane already vaunted Anavex's 2-73 miracle in numerous media reports

Well, individual investors should look into more details about previous clinical trials by Stephen MacFarlane. In particular, Stephen MacFarlane was involved in 2013 with a company called Prana Biotechnology, which was developing a drug called PBT2, aiming to cure neurodegenerative diseases. (By the way, Prana Biotechnology is linked to Anavex through Jeffrey Cummings, who is member of the advisory boards of the two companies.) Stephen MacFarlane was in charge of the clinical trials of PBT2, and was very enthusiastic about it. In 2013, a local TV station broadcast a report on Caulfield hospital, showing how great the PBT2 trial was for patients suffering from Alzheimer's disease; this report included an interview by Stephen MacFarlane who vaunted the clinical trial.

## Prana Biotechnology (PRAN) Continues Upward on Alzheimer's Disease Drug News

Andrew Klips | Sunday, 17 November 2013 23:00 (EST)



Four trading days ago, shares of **Prana Biotechnology Ltd. (PRAN)** were trading a \$4 each. A little jump ahead on Thursday was followed by a surge on Friday that has continued in early Monday action as hopes seem to be rising related to the company's phase 2 clinical trial of a new drug for Alzheimer's Disease.

The catalyst last week for the Melbourne, Australia-based company was a [news story](#) run on **Yahoo's (YHOO)** Australian website stating that, "There is a breakthrough drug being trialled that could give hope to hundreds of thousands of Alzheimer's sufferers." The article indirectly references Prana's oral drug, called PBT2, and the IMAGINE trial, discussing the benefits that have been observed in a 57-year-old Alzheimer's patient named Kelvin Lawler.

Further, Prana was pegged to the article with an image of its experimental 250 mg red pill and pill bottle with the name of the drug used in the accompanying video.

According to Associate professor Steve Macfarlane, who has been overseeing the trial at Melbourne's Caulfield Hospital as part of the global study, the preliminary response by Lawler has been "incredible." Macfarlane noted a clear improvement in Lawler's memory, saying Lawler is a "poster child for success in clinical trials."

In 2013, Stephen MacFarlane was working for Prana Biotechnology – he labelled the effects of Prana's drug as "incredible" and noted "a clear improvement" in patients' memory

In the end, BT2's phase 2 miserably failed and it almost killed Prana Biotechnology company: Prana's stock, which used to be traded at \$0.45, is now traded under \$0.08. Will history repeat itself with Anavex?

## 7. Opaque money circuits, ashamed insiders

*Where is Anavex?* The study of Anavex's SEC filings shows a strange relationship to geography. As has been shown, most of Anavex's executives don't live in the US: president Skarpelos lives in Geneva, Anavex's CFO lives in Vancouver, the head of Anavex's research lives and works in Athens, Anavex's director of business development and IR travels all over the world, ...

In addition, the physical existence of Anavex's offices is hard to assess, as critics of Anavex recently pointed out. In the last 8 years, Anavex has reported 7 different addresses for its offices in various countries: Switzerland, Greece, Canada, the US. How can an organization work under these conditions – and how can shareholders trust such an organization?

<p><b>10Q December 2006</b></p> <p><b>ANAVEX LIFE SCIENCES CORP.</b> (Exact name of small business issuer as specified in its charter)</p> <p><b>Nevada</b> (State or other jurisdiction of incorporation or organization)</p> <p><b>20-8365999</b> (IRS Employer Identification No.)</p> <p><b>101-4837 Canyon Ridge Crescent, Kelowna B.C., V1W 4A1</b> (Address of principal executive offices)</p> <p><b>250.764.9701</b> (Issuer's telephone number)</p>	<p><b>ANAVEX LIFE SCIENCES CORP.</b> (Exact name of registrant as specified in its charter)</p> <p><b>10K September 2010</b></p> <p><b>Nevada</b> (State or other jurisdiction of incorporation or organization)</p> <p><b>20-8365999</b> (I.R.S. Employer Identification No.)</p> <p><b>50 Harrison Street, Suite 315A, Hoboken, NJ 07030</b> (Address of principal executive offices)( Zip Code)</p> <p>Registrant's telephone number, including area code <b>1-800-689-3939</b></p>
<p><b>10K September 2007</b></p> <p><b>ANAVEX LIFE SCIENCES CORP.</b> (Name of small business issuer in its charter)</p> <p><b>Nevada</b> (State or other jurisdiction of incorporation or organization)</p> <p><b>20-8365999</b> (I.R.S. Employer Identification No.)</p> <p><b>14 Rue Kleberg, CH-1201 Geneva, Switzerland</b> (Address of principal executive offices)</p> <p><b>n/a</b> (Zip Code)</p> <p>Issuer's telephone number <b>011-41-2271-65-300</b></p>	<p><b>ANAVEX LIFE SCIENCES CORP.</b> (Exact name of registrant as specified in its charter)</p> <p><b>10K September 2011</b></p> <p><b>Nevada</b> (State or other jurisdiction of incorporation or organization)</p> <p><b>20-8365999</b> (I.R.S. Employer Identification No.)</p> <p><b>45 Tintern Lane, Portola Valley, California 94028</b> (Address of principal executive offices)( Zip Code)</p> <p>Registrant's telephone number, including area code <b>1-800-689-3939</b></p>
<p><b>ANAVEX LIFE SCIENCES CORP.</b> (Exact name of registrant as specified in its charter)</p> <p><b>10K September 2009</b></p> <p><b>Nevada</b> (State or other jurisdiction of incorporation or organization)</p> <p><b>20-8365999</b> (I.R.S. Employer Identification No.)</p> <p><b>27 Marathonos Ave., 15351 Athens, Greece</b> (Address of principal executive offices)( Zip Code)</p> <p>Registrant's telephone number, including area code <b>30 210 603 4026</b></p>	<p><b>ANAVEX LIFE SCIENCES CORP.</b> (Exact name of registrant as specified in its charter)</p> <p><b>10K September 2012</b></p> <p><b>Nevada</b> (State or other jurisdiction of incorporation or organization)</p> <p><b>20-8365999</b> (I.R.S. Employer Identification No.)</p> <p><b>1620 – 609 Granville Street, Vancouver BC, Canada</b> (Address of principal executive offices)</p> <p><b>V7Y 1C3</b> (Zip Code)</p> <p>Registrant's telephone number, including area code <b>1-800-689-3939</b></p>
<p><b>ANAVEX LIFE SCIENCES CORP.</b> (Exact name of registrant as specified in its charter)</p> <p><b>10K September 2014</b></p> <p><b>Nevada</b> (State or other jurisdiction of incorporation or organization)</p> <p><b>98-0608404</b> (I.R.S. Employer Identification No.)</p> <p><b>51 W 52<sup>nd</sup> Street, 7<sup>th</sup> Floor, New York, NY USA</b> (Address of principal executive offices)</p> <p><b>10019</b> (Zip Code)</p> <p>Registrant's telephone number, including area code <b>1-844-689-3939</b></p>	


Moreover, most of Anavex's expenses go to Europe, and do so in non-transparent ways: recruiting from an obscure research institution in Greece, paying staggering fees to an unknown investor relations consultancy in Cyprus, outsourcing R&D to French and Greek CRO companies linked to members of Anavex's own "scientific board".

At the moment there is no absolute proof of any manipulation or fraudulent scheme, but these international circuits of money raise lots of questions for shareholders and have to be investigated further.

*Ashamed insiders.* Let's imagine: you are a scientist working since decades on neurodegenerative diseases, and you participate in the development of a drug that really cures Alzheimer's. Would you be proud of it? Yes. So, why do most of the members of the scientific advisory board hide their relationship to Anavex? For instance, in the biography he



presents at conferences, Tangui Maurice mentions the CRO company he founded but he does not mention his belonging to Anavex's advisory board. Harald Hampel mentions numerous affiliations on his LinkedIn, but not his tie with Anavex. Same for Bernd Metzner and for most of Anavex's scientific advisory board and board members:



**Harald Hampel, MD, PhD, MSc** 500+ connections

Professor at Pierre and Marie Curie University, Sorbonne Universities, AXA Research Fund & UPMC Chair (8300+)  
Paris Area, France | Hospital & Health Care

Current	Marie and Pierre Curie University (Sorbonne)
Previous	Johann-Wolfgang Goethe University, Frankfurt, Germany, Trinity College, University of Dublin, Ireland, University of Munich, Germany
Education	Trinity College, University of Dublin, Ireland
Recommendations	1 person has recommended Harald
Websites	Research Gate Pub Med Twitter




**Tangui Maurice**

University of Montpellier, France

Title: Development of sigma 1 receptor agonists as neuroprotectants in Alzheimers disease and related dementia

### Biography



**Bernd Metzner** 500+ connections


Chief Financial Officer bei Ströer Out-of-Home Media AG  
Cologne Area, Germany | Marketing and Advertising

Current	Ströer Out-of-Home Media AG
Previous	Doehler Group, Bayer Schering Pharma, Bayer Italia
Education	Wharton Business School

After graduating chemical engineer from ENSCM (Montpellier, France) in 1987, Tangui Maurice got his PhD in neuropharmacology in 1990. He made 2 post-doctoral fellowships at the Jouveinal research institute (Paris) and Nagoya University Hospital and Meijo University (Nagoya, Japan). He joined CNRS in 1992 starting to work on sigma-1 receptors. He is now team leader at INSERM U. 710 (U. 1198 since 01/01, 2015). He got 120+ publications and 4 patents. Tangui Maurice also created a CRO company, Amylgen, co-founded with 3 scientists from university and industry, where he is currently acting as CSO.

They're part of a miracle! Why aren't they proud of it?

Now, let's imagine: you are a CFO working for a successful and perfectly honest Nasdaq company that's going to be a huge opportunity for investors. Are you proud of it? Yes. So, why is Anavex's CFO still hiding her position in the company through her belonging to Assent Advisory Partners?



**Sandra Boenisch** 329 connections

Partner at Assent Advisory Partners  
Vancouver, Canada Area | Accounting

Current	Assent Advisory Partners
Previous	The Naked Brand Group Inc., BDO Canada
Education	CGA-BC

Anavex's CFO Sandra Boenisch: not proud to be part of the adventure...

## 8. Bleak future

Regulatory issues. In December 2015, a SEC subpoena was issued against Anavex regarding stock price manipulation. Following this subpoena, numerous class actions were launched by well-known law firms such as Rosen Legal LLC, Pomerantz Law Firm and Lundin Law PC. An investigation is underway by the SEC concerning the progression of Anavex's price over the last few years.

[Reply](#) | [Reply](#) | [Last Reply](#)

[First New Reply](#)

tob999 

Wednesday, 12/30/15 04:50:56 PM

**Re:** A deleted message

**Post #**  of 61187

Subpoenas are most commonly issued (as in this instance) for corroboration of evidence. Normal procedure actually and no inference to any wrong doing by the company. They are investigating STOCK MANIPULATION of AVXL. Wow.

Use your nose to sniff the winners out!

Some individual investors still believe the SEC subpoena was not directed against promoters but against short-sellers – despite the 493% surge in market cap over the last 11 months

In addition, some dark prospects arise from regulatory issues: the S-3 form filed in October by Anavex to be introduced to Nasdaq has still not been declared effective by the SEC. It could mean that Anavex's transparency procedures are not developed enough to be a company listed on Nasdaq. In case the SEC refuses this form, it would be a huge setback for Anavex – which would be downlisted.

Future fall. The current market cap of Anavex is clearly unsustainable: with a 500% increase over the last 11 months, a more than 2000% increase over the last 20 months, current stockholders are going to be massively diluted and dispossessed in the short run. Anavex has demonstrated its ability to lure its investors with artificial good news and promoting articles but today, no one believes in the company anymore except paid people and fanatical individual investors. The only question to ask is: how long will it take before it falls for real?

Goldin+Senneby

On a Long

Enough

**CERTIFICATE OF INVESTMENT**

No: .....

Date: .....

Amount: .....SEK

has been invested in a financial short selling campaign\*  
against the company

Anavex Life Sciences Corp. (AVXL) on behalf of:

Name: .....

Signed by the artists

Goldin+Senneby

\*A short selling campaign has been set up on your behalf by the artists Goldin+Senneby.  
"Short selling" is a way of profiting from loss: Making money if and when the target company  
loses in value. Your investment will be realized within six months following the issuance of  
this certificate. If successful, the magical profit and your initial investment will be paid out to  
you. If unsuccessful, none of your investment will be returned.