



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
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BENJAMIN FRANKLIN COOK SENTENCED TO 17.5 YEARS IN PRISON

Ponzi Scheme Operator Pled to 3 Counts of Theft, Judge Orders
Jail Time, Probation & Restitution

PHOENIX – Another chapter was written Friday in the state’s case against Benjamin Franklin Cook III. Cook is an Arizona businessman who violated state and federal securities laws while bilking more than \$43 million from investors. Maricopa County Superior Court Judge Gregory Martin sentenced Cook to 17.5 years in prison with credit for the 962 days he has served so far.

Judge Martin also ordered seven years of supervised probation upon release from prison. Cook is responsible for paying restitution of \$31.5 million, the amount still owed to investors in the Dennel Financial Limited investment scheme. While in prison, 30 percent of Cook’s earnings will be taken to pay restitution to victims. Another provision of the sentencing bars Cook from having any future contact with investors.

Cook was the subject of a 37-count indictment and pled guilty to three counts of theft in connection with his role in the scheme.

Several hundred investors were bilked out of \$43 million under the guise that the money would be invested in a lucrative offshore banking program. The investment program actually constituted a Ponzi scheme, where initial investors usually receive "interest payments" that are funded by money coming in from new investors, as opposed to legitimate returns from legitimate investments.

Judge Martin agreed with the state’s prosecuting attorney, Sydney Davis of the Attorney General’s Office, that an aggravated sentence was appropriate.

“If this isn’t an aggravated case, I don’t know what is,” Judge Martin said, speaking directly to Cook. “This is so

much money and the fraud is so gross, there just has to be a major sanction against you.”

Lawrence Warfield, a CPA who was appointed in 1999 to act as receiver, testified at the sentencing hearing. His role was to identify and protect assets for investors. He testified that money was sitting in approximately 300 different checking accounts under various business names. Cook also owned several cars, trucks, motorcycles, jewelry, real estate and property, including a 31-foot cabin cruiser docked at Lake Pleasant. Warfield testified that all of these assets were purchased with investor money. These items were seized and sold to pay restitution to investors but investors are still out nearly \$31.5 million.

Warfield maintains a website to keep investors informed of important developments in the Dennel Financial case. Visit www.dennelfinancial.com for more information.

Promotional materials provided to investors touted the program as “highly privileged,” “very secretive” and “highly qualified.” Investors were promised a 24 percent return, sometimes even more. Warfield testified that no such programs exist and the money was never placed in any kind of legitimate investment.

Cook’s attorney, Herman Alcantar, Jr., indicated that several people present in the courtroom were there in support of Cook.

“That’s typical of a Ponzi scheme,” said Corporation Commissioner Bill Mundell. “It’s really sad that people are misled and continue to believe in the criminals behind these schemes. They believe in them because everything goes well for a while. Here’s the problem: everything went well for them because they were getting money that was just ripped from the hands of the newest investors. We know from experience that when these scams collapse, all investors lose.”

Commissioner Jeff Hatch-Miller compared a Ponzi scheme to a shell game. “Con artists shuffle the money around, but eventually the scheme collapses when there aren’t enough new investors to keep the cash flowing.”

Cook’s call to justice was the result of an investigation conducted by the Arizona Corporation Commission, Arizona Attorney General's Office, the U.S. Customs Service, the U.S. Securities and Exchange Commission and the Arizona Department of Public Safety.

Prior to investing, investors should verify registration of sellers and securities by contacting the Arizona

Corporation Commission's Securities Division at 602-542-4242, toll free at 1-877-811-3878 or through its website, www.ccsd.cc.state.az.us. The Division's website also has helpful information on a variety of investing topics.

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Additional Resources:

Superior Court of Arizona, Maricopa County case file CR2000-013042/CR2001-007775

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