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 CLERK U.S. DISTRICT COURT  
 CENTRAL DISTRICT OF CALIF.  
 LOS ANGELES

FILED

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 12 **UNITED STATES DISTRICT COURT**  
 13 **CENTRAL DISTRICT OF CALIFORNIA**

14 **CV 09-06223 ODW FMOx**

15 **SECURITIES AND EXCHANGE**  
**COMMISSION,**

Case No.

**COMPLAINT FOR VIOLATIONS**  
**OF THE SECURITIES LAWS**

16 Plaintiff,

17 vs.

18 **BEN-WAL LEASING COMPANY;**  
**BEN-WAL MANAGEMENT, INC.;** and  
 19 **JERRY E. BENSON,**

20 Defendants,

21 and

22 **CTR WEB PRINTING, INC.;** and  
**SCOTT W. BENSON,**

23 Relief Defendants.  
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 26  
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 28

1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as  
2 follows:

3 **JURISDICTION AND VENUE**

4 1. This Court has jurisdiction over this action pursuant to Sections 20(b),  
5 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C.  
6 §§ 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of  
7 the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),  
8 78u(d)(3)(A), 78u(e), and 78aa. Defendants have, directly or indirectly, made use  
9 of the means or instrumentalities of interstate commerce or of the mails, in  
10 connection with the transactions, acts, practices, and courses of business alleged in  
11 this Complaint.

12 2. Venue is proper in this district pursuant to Section 22(a) of the  
13 Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C.  
14 § 78aa, because certain of the transactions, acts, practices, and courses of conduct  
15 constituting violations of the federal securities laws occurred within this district,  
16 defendants Ben-Wal Leasing Company and Ben-Wal Management, Inc. are located  
17 in this district, and defendant Jerry E. Benson resides and transacts business in this  
18 district.

19 **SUMMARY**

20 3. This matter involves an ongoing fraud targeting seniors residing in  
21 mobile home park communities by Pomona, California-based Ben-Wal Leasing  
22 Company (“Ben-Wal Leasing”), Ben-Wal Management, Inc. (“Ben-Wal  
23 Management”), and their sole owner, Jerry E. Benson (“Benson”) (collectively,  
24 “the defendants”). Since approximately 1990, Benson has been offering and  
25 selling securities in Ben-Wal Leasing in the form of promissory notes,  
26 guaranteeing annual returns of 12% and claiming that investors have earned annual  
27 returns up to 18%. Ben-Wal Leasing raised at least \$5.7 million from  
28 approximately 126 investors from 2004 through April 2009.

1           4.     The defendants offered the securities through advertisements in  
2 circulars provided to mobile home park communities throughout California. Many  
3 of the investors are senior citizens. Benson told investors that their funds would be  
4 used to purchase printing equipment that would be leased to printing companies.  
5 The income from the printing companies' lease payments would pay the 12%  
6 returns to investors. Benson also claimed that since 1990, no investor had ever lost  
7 any of their principal or interest.

8           5.     In reality, the defendants did not invest investor money as represented.  
9 Instead, a significant amount of investor money was transferred to CTR Web  
10 Printing, Inc. ("CTR"), a company owned and operated by Benson's son, Scott W.  
11 Benson. In addition, Benson did not disclose to investors that CTR was, in  
12 essence, the only lessee of printing equipment, and it was not regularly making its  
13 lease payments. Moreover, Benson never informed investors that Ben-Wal  
14 Leasing was using new investor money to make principal and interest payments to  
15 previous investors in a Ponzi-like fashion.

16           6.     In May 2009, Benson and Ben-Wal Leasing stipulated to an order  
17 issued by the California Department of Corporations ("DOC"), which required  
18 Benson and Ben-Wal Leasing to desist-and-refrain from offering or selling  
19 securities in California in violation of state law. In June 2009, Ben-Wal Leasing  
20 stopped making interest payments to investors. Benson first falsely claimed to  
21 investors that the cessation of payments was due to some account discrepancies  
22 requiring an audit. More recently, Benson falsely told investors they were not  
23 being paid because he was working with the Commission to "expand business" and  
24 the Commission had not approved the payments. Despite the DOC desist-and-  
25 refrain order, Benson is currently soliciting new investors under a different name:  
26 Ben-Wal Management, Inc.

27           7.     Ben-Wal Leasing and Benson have thus violated and continue to  
28 violate the antifraud provisions of Section 17(a) of the Securities Act, 15 U.S.C. §

1 77q(a), and Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5  
2 thereunder, 17 C.F.R. § 240.10b-5. In addition, Ben-Wal Management has thus  
3 violated and is continuing to violate the antifraud provisions of Section 17(a) of the  
4 Securities Act, 15 U.S.C. § 77q(a). By this action, the Commission seeks a  
5 temporary restraining order and preliminary and permanent injunctions prohibiting  
6 future such violations, an order freezing the defendants' assets and assets of relief  
7 defendant CTR, requiring accountings, prohibiting the destruction of documents by  
8 the defendants and CTR Web Printing, Inc. and Scott W. Benson (collectively "the  
9 relief defendants"), granting expedited discovery as to the defendants and the relief  
10 defendants, and appointing a temporary receiver over defendants Ben-Wal Leasing  
11 and Ben-Wal Management. The Commission also seeks an order requiring  
12 disgorgement of the defendants' and the relief defendants' ill-gotten gains, and  
13 civil penalties.

#### 14 THE DEFENDANTS

15 8. **Ben-Wal Leasing Company** was incorporated in California on  
16 December 17, 1990, and is based in Pomona, California. Neither Ben-Wal Leasing  
17 nor its securities are registered with the Commission. On May 6, 2009, the DOC  
18 issued an order requiring that Ben-Wal Leasing and Benson desist-and-refrain  
19 from offering or selling securities in violation of California state law.

20 9. **Ben-Wal Management, Inc.** was incorporated in California on June  
21 15, 2009, and is based in Pomona, California. Ben-Wal Leasing and Ben-Wal  
22 Management are located at the same address. Neither Ben-Wal Management nor  
23 its securities are registered with the Commission.

24 10. **Jerry E. Benson**, age 69, resides in Glendora, California. Benson  
25 formed Ben-Wal Leasing and Ben-Wal Management, developed their alleged  
26 investment programs, and currently remains their sole owner. Benson is currently  
27 in control of CTR and is a signatory on all Ben-Wal Leasing, Ben-Wal  
28 Management, and CTR bank accounts. Benson is not registered with the

1 Commission in any capacity.

2 **RELIEF DEFENDANTS**

3 11. **CTR Web Printing, Inc.** was incorporated in California on January  
4 23, 2004, and is based in Pomona, California. CTR is a commercial printer and is  
5 located at the same address as Ben-Wal Leasing and Ben-Wal Management. CTR  
6 was formed and is owned by Scott W. Benson, the son of Jerry Benson, who has  
7 recently taken control of the company.

8 12. **Scott W. Benson**, age 45, resides in Glendora, California. Scott  
9 Benson was the owner of CTR, but has recently left the company.

10 **THE FRAUDULENT SCHEME**

11 **A. The Offer and Sale of Securities in Ben-Wal Leasing**

12 13. Benson has solicited investments in Ben-Wal Leasing for  
13 approximately nineteen years. Shortly after Benson formed Ben-Wal Leasing in  
14 December 1990, he started soliciting investors. Benson has been soliciting  
15 investors by using written advertisements. According to Benson, the  
16 advertisements were placed at no fee "if there's space available" in monthly  
17 circulars printed by CTR. CTR was the printing company that many mobile home  
18 park communities used to print monthly in-house newsletters or circulars. Each  
19 month, the circulars went to 50 to 70 mobile home park communities in California,  
20 and were ultimately distributed to 10,000 to 12,000 individuals. In return for their  
21 investment in Ben-Wal Leasing, Benson and Ben-Wal Leasing promised investors  
22 a 12% return and claimed that investors have earned annual returns up to 18%.  
23 From 2004 through April 2009, at least 126 investors invested over \$5.7 million in  
24 Ben-Wal Leasing. In addition to the advertisements in the monthly circulars,  
25 Benson occasionally mailed letters to investors asking them to make additional  
26 investments or to refer new investors, offering a bonus for those that did. Some  
27 investors elected to reinvest their returns in lieu of receiving monthly interest  
28 payments.

1 **B. Benson and Ben-Wal Leasing Materially Misrepresented the Investment**

2 14. Benson made numerous material misstatements and omissions when  
3 he offered and sold the security interests in Ben-Wal Leasing. Benson told  
4 investors that their money would be used to purchase printing equipment, which  
5 Ben-Wal Leasing would then lease to printing companies, providing the 12%  
6 annual returns to the investors. These statements were false as of April 2006, if not  
7 earlier. Bank records reveal only a fraction of the investor money raised by Ben-  
8 Wal Leasing was actually spent by Benson on the purchase of printing equipment.  
9 According to Ben-Wal Leasing's bank records, from April 2006 through May  
10 2009, investors made approximately \$5 million worth of investments in Ben-Wal  
11 Leasing. During that time, Ben-Wal Leasing disbursed approximately \$2.4 million  
12 to investors, \$2.6 million to CTR, \$144,000 to Benson, \$32,000 to Scott Benson,  
13 and \$825,000 to other sources. Even if all of the money disbursed to other sources  
14 was for the purchase of printing equipment, it would still be only a fraction of the  
15 \$5 million invested in Ben-Wal Leasing during those three years.

16 15. Moreover, since at least 2006, Ben-Wal Leasing's bank records reveal  
17 that CTR is the only company to which Ben-Wal Leasing leased printing  
18 equipment. These bank records also show that CTR has only made sporadic lease  
19 payments to Ben-Wal Leasing totaling approximately \$489,000 from April 2006 to  
20 May 2009. However, during this time, Ben-Wal Leasing had paid investors  
21 approximately \$2.4 million. Thus, the lease payments have not been sufficient to  
22 cover the principal and interest paid to investors.

23 16. In addition to his material misrepresentations, Benson also failed to  
24 inform investors of material facts regarding Ben-Wal Leasing's business. He  
25 failed to inform investors that since at least 2006: (1) Ben-Wal Leasing was using  
26 new investor funds to pay returns to prior investors; (2) the only printing company  
27 that was leasing equipment from Ben-Wal Leasing was CTR, which was owned by  
28 his son; (3) in addition to a lease arrangement, Ben-Wal Leasing was loaning



1 investor money to CTR; and (4) CTR was not making regular lease or loan  
2 payments.

3 **C. Benson's False Claims to Investors About Delays in Interest Payments**

4 17. In a letter dated June 17, 2009 (two days after forming Ben-Wal  
5 Management), Benson informed Ben-Wal Leasing investors that it would have to  
6 delay interest payments. Initially, Benson falsely claimed that the delay was due to  
7 "discrepancies found in some of the investor statements," which required an audit.  
8 In late July 2009, Benson sent another letter to investors falsely claiming he was  
9 not making any principal or interest payments because he needed approval by the  
10 Commission before he could do so. Moreover, Benson falsely claimed that "Ben-  
11 Wal Leasing has been working closely with the Securities Exchange Commission  
12 (SEC) to try and expand business." Benson continues to solicit new investors  
13 under a different company name: Ben-Wal Management.

14 **D. Ben-Wal Management Offers the Same Securities**

15 18. On June 15, 2009, Benson formed Ben-Wal Management, Inc.  
16 Shortly after forming the company, Benson once again sought investors through  
17 advertisements in the monthly circulars provided to mobile home park  
18 communities. The offering is essentially identical to the offering by Ben-Wal  
19 Leasing -- only the name of the company has changed. In particular, the  
20 advertisements still offer 12% interest, describe that the investments started in  
21 1990, explain that investor funds will be used to purchase printing equipment, and  
22 that it obtains the 12% returns by leasing that equipment.

23 19. Benson also makes other misrepresentations to investors in the current  
24 advertisements. The advertisements falsely state that since 1990 "**[n]o investor**  
25 **has ever lost any part of their investment or interest.**" This is false and  
26 misleading since at least one investor asked for the return of his principal in  
27 December 2008 in order to pay for the medical care of his seriously ill wife. While  
28 Benson and Ben-Wal Leasing have returned a small portion of the investor's

1 money, they have failed to return all of his principal and they still owe the investor  
2 \$52,000 plus interest. Further, Ben-Wal has not been making interest payments to  
3 investors for the last few months.

4 20. In addition, the new advertisements falsely claim that investments will  
5 be protected by filings under the Uniform Commercial Code. The advertisements  
6 state that "The **INVESTOR'S CAPITAL IS PROTECTED** by a UCC filing with  
7 the state of California in behalf of all investors . . . secured by over \$3,485,000.00  
8 of assets. This puts you in a first position, if ever there should be a failure of the  
9 company for any reason." However, at least \$4.7 million is currently invested in  
10 Ben-Wal Leasing. Thus, even if the value of the underlying assets is as claimed,  
11 the UCC filing is insufficient to cover current principal, let alone any new  
12 investments. Furthermore, the claim that any new investors would be in a "first  
13 position" because of the UCC filing is false.

14 21. Ben-Wal Management's solicitation materials also fail to disclose to  
15 investors that Benson is subject to the DOC's desist-and-refrain order and that the  
16 advertisements are a violation of that order.

17 **E. Investor Funds Received by Benson, Scott Benson, and CTR**

18 22. Benson regularly commingled the assets -- including investor funds --  
19 of Ben-Wal Leasing and CTR. To date, at least \$2.6 million has been transferred  
20 from Ben-Wal Leasing to CTR. Ben-Wal Leasing's bank records also reveal that  
21 between April 2006 and May 2009, defendant Jerry Benson and relief defendant  
22 Scott Benson received approximately \$144,000 and \$32,000 respectively from  
23 Ben-Wal Leasing. Furthermore, CTR's bank records reveal that money has been  
24 transferred from CTR to both defendant Jerry Benson and relief defendant Scott  
25 Benson.

26 **F. Defendants Acted With Scienter**

27 23. Each of the defendants acted with scienter. Benson, on behalf of Ben-  
28 Wal Leasing, misrepresented that investor funds would be used to purchase



1 printing equipment and that investor returns would be derived from the leasing of  
2 printing equipment. In addition, Benson failed to disclose to investors that: (1) the  
3 only printing business to which it leased equipment was CTR; (2) Ben-Wal  
4 Leasing was also loaning money to CTR; and (3) CTR regularly failed to make its  
5 lease or loan payments. Most significant, Benson failed to tell investors that new  
6 investor money was being used to pay previous investors' interest payments. In  
7 his capacity as the sole owner of Ben-Wal Leasing, Benson made misleading  
8 representations to investors and prepared the promotional materials for potential  
9 investors about Ben-Wal Leasing that misrepresented the use of the investment  
10 proceeds, the source of the returns, and the risk of investment.

11 24. Ben-Wal Management, through the conduct of Benson, also acted  
12 with scienter because Benson knew that the above representations were false and  
13 misleading. The investor who has been asking for the return of his principal since  
14 December 2008 has been communicating directly with Benson. Further, Benson  
15 knew that at least \$5.7 million has been invested since 2004 and that of that  
16 amount, at least \$4.7 million of principal remains outstanding, thereby rendering  
17 false the representation that the UCC filing would protect the interests of new  
18 investors. Finally, Benson signed a stipulation to the May 2009 DOC desist-and-  
19 refrain order and knew that he never disclosed that order to potential new  
20 investors.

21 **FIRST CLAIM FOR RELIEF**

22 **FRAUD IN THE OFFER OR SALE OF SECURITIES**

23 **Violations of Section 17(a) of the Securities Act**

24 **(Against All Defendants)**

25 25. The Commission realleges and incorporates by reference paragraphs 1  
26 through 24 above.

27 26. Defendants Ben-Wal Leasing, Ben-Wal Management, and Benson,  
28 and each of them, by engaging in the conduct described above, directly or

1 indirectly, in the offer or sale of securities by the use of means or instruments of  
2 transportation or communication in interstate commerce or by use of the mails:

- 3 a. with scienter, employed devices, schemes, or artifices to  
4 defraud;
- 5 b. obtained money or property by means of untrue statements of a  
6 material fact or by omitting to state a material fact necessary in  
7 order to make the statements made, in light of the  
8 circumstances under which they were made, not misleading; or
- 9 c. engaged in transactions, practices, or courses of business which  
10 operated or would operate as a fraud or deceit upon the  
11 purchaser.

12 27. By engaging in the conduct described above, defendants Ben-Wal  
13 Leasing, Ben-Wal Management, and Benson violated, and unless restrained and  
14 enjoined will continue to violate, Section 17(a) of the Securities Act, 15 U.S.C. §  
15 77q(a).

16 **SECOND CLAIM FOR RELIEF**

17 **FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF**  
18 **SECURITIES**

19 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**  
20 **(Against Ben-Wal Leasing and Benson)**

21 28. The Commission realleges and incorporates by reference paragraphs 1  
22 through 24 above.

23 29. Defendants Ben-Wal Leasing and Benson, and each of them, by  
24 engaging in the conduct described above, directly or indirectly, in connection with  
25 the purchase or sale of a security, by the use of means or instrumentalities of  
26 interstate commerce, of the mails, or of the facilities of a national securities  
27 exchange, with scienter:

- 28 a. employed devices, schemes, or artifices to defraud;

- b. made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- c. engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

By engaging in the conduct described above, defendants Ben-Wal Leasing and Benson violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that the Court:

**I.**

Issue findings of fact and conclusions of law that the defendants committed the alleged violations.

**II.**

Issue an order, in a form consistent with Fed. R. Civ. P. 65(d), temporarily, preliminarily and permanently enjoining defendants Ben-Wal Leasing, Ben-Wal Management, and Benson and their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the order by personal service or otherwise, and each of them, from violating Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

**III.**

Issue an order, in a form consistent with Fed. R. Civ. P. 65(d), temporarily, preliminarily and permanently enjoining defendants Ben-Wal Leasing and Benson and their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the

1 order by personal service or otherwise, and each of them, from violating Section  
2 10(b) of the Exchange Act, 15 U.S.C. § 78j(b) and Rule 10b-5 thereunder, 17  
3 C.F.R. § 240.10b-5.

4 **IV.**

5 Issue in a form consistent with Fed. R. Civ. P. 65, a temporary restraining  
6 order and a preliminary injunction freezing the assets of defendants Ben-Wal  
7 Leasing, Ben-Wal Management, and Benson, and relief defendant CTR; ordering  
8 accountings from each of the defendants; prohibiting each of the defendants and  
9 the relief defendants from destroying documents; granting expedited discovery as  
10 to the defendants and the relief defendants; and appointing a receiver over  
11 defendants Ben-Wal Leasing and Ben-Wal Management.

12 **V.**

13 Order defendants Ben-Wal Leasing, Ben-Wal Management, and Benson,  
14 and relief defendants CTR and Scott Benson to disgorge all ill-gotten gains,  
15 together with prejudgment interest thereon.

16 **VI.**

17 Order defendants Ben-Wal Leasing, Ben-Wal Management, and Benson to  
18 pay civil penalties under Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d),  
19 and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

20 **VII.**

21 Retain jurisdiction of this action in accordance with the principles of equity  
22 and the Federal Rules of Civil Procedure in order to implement and carry out the  
23 terms of all orders and decrees that may be entered, or to entertain any suitable  
24 application or motion for additional relief within the jurisdiction of this Court.

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**VIII.**

Grant such other and further relief as this Court may determine to be just and necessary.

DATED: August 25, 2009

  
Attorneys for Plaintiff  
Securities and Exchange Commission