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## **NEWS RELEASE**

For Immediate Release

April 10, 1995

### **JUDGE FINDS FRAUDS: ORDERS HALT TO CALIFORNIA INVESTMENT SCHEME AND MANDATES RESTITUTIONS**

Boise, Idaho . . . . A Sandpoint judge has found that a California company and two of its officers engaged in securities fraud in soliciting money from Idaho residents.

Gavin M. Gee, Acting Director of the Idaho Department of Finance, announced that Judgments and Permanent Injunctions were entered on March 30 and April 5 by the Honorable J. R. Michaud, First District Judge in Sandpoint. The Judgments are against American Investment Watch, Inc. (AIW) (entered April 5), James Benjamin (President) (entered April 5), and Mike Robertson (Chief Executive Officer) (entered March 30). The defendants are all from the Los Angeles area. The Judgments were entered by default after the defendants failed to appear or defend themselves in the State's lawsuit.

The Judgments are in a lawsuit originally filed by the State on February 8, 1995. The lawsuit alleged that these defendants and one salesmen engaged in a fraudulent and deceptive telemarketing scheme involving the offer and sale of stock to potential investors in Idaho.

The three Judgments include:

- court imposed injunctions halting the scheme and prohibiting future violations;
- findings that the defendants engaged in fraud and other violations of the Idaho Securities Act;
- a requirement that the defendants make restitution of over \$15,000 to Idaho investors;
- \$105,000 in fines (\$35,000 each); and
- an order to pay attorneys fees and costs to the State.

The lawsuit alleged that the defendants used high-pressure telephone pitches and false promises to bait potential investors. At least one Idaho victim was 76 years old at the time of the sale.

According to the State, in addition to the fraudulent practices, the securities sold were not registered, and neither the salesman nor the firm were properly licensed.

Some of the fraudulent practices alleged in the Complaint include:

- failing to inform investors of the prior criminal convictions defendants;
- falsely claiming that the AIW stock would be a high- yielding, low-risk investment;
- attempting to get the victim to send additional money by falsely claiming that stock purchased earlier had been sold at a significant profit; and
- failing to provide a prospectus or any of the information necessary to enable an investor to make an informed decision.

The lawsuit continues against one remaining defendant, Randy Carson Warner, a salesman for AIW. Mr. Warner is currently incarcerated in California awaiting trial on unrelated criminal charges.

The Department of Finance advises all individuals to invest only through licensed securities professionals.

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