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**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

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| STATE OF IDAHO, DEPARTMENT OF |) | |
| FINANCE, SECURITIES BUREAU, |) | Docket No. 2000-7-58 |
| |) | |
| Complainant, |) | CEASE AND DESIST ORDER |
| |) | |
| vs. |) | |
| |) | |
| BRADLEE L. BENNETT, |) | |
| dba BENNETT ENTERPRISES, |) | |
| |) | |
| Respondent. |) | |
| _____ |) | |

The Director of the Department of Finance, State of Idaho (Director), pursuant to the authority of the Idaho Securities Act, Idaho Code § 30-1401, *et seq.*, has reasonable grounds to believe that violations of the Idaho Securities Act have occurred, and may continue to occur, as follows:

(1) Respondent Bradlee L. Bennett (Bennett), dba Bennett Enterprises, is an individual whose last known address is 2607 Muscrat, Nampa, Idaho. Bennett is not registered with the Idaho Department of Finance (Department) to offer or sell securities. The Idaho Secretary of State's Office has no record of any business filing for Bennett Enterprises.

(2) Bradlee Bennett represents that he has invented a “heat hose” device for various uses, including protecting water pipes from freezing on manufactured homes and keeping livestock water systems from freezing in the winter. Bennett represents that he is attempting to secure a patent on this invention, and that such patent should be finalized within a few weeks. Bennett is seeking financing for this invention.

(3) In or about March of 2000, Bennett met M. B. (Investor A), an Idaho resident, at a bar in Boise, Idaho. Bennett explained his invention to Investor A, and asked her to invest in the prototype. He stated that the patent pending would be completed in a few weeks. Bennett told Investor A that within a few weeks he would pay her \$50,000 on a \$25,000 investment, plus 3% of the profits from the “heat hose.” Bennett also told Investor A that if she invested money with him, he would take care of her for the rest of her life.

(4) A few weeks later, Bennett met with Investor A at her home. Bennett showed her the prototype for his invention, and provided the names of a patent attorney and engineer that he had purportedly hired to develop his invention. In addition, Bennett told Investor A that Butch Otter, Idaho’s Lieutenant Governor, planned to invest \$500,000 in Bennett’s invention as soon as the patent was finalized.

(5) Based on Bennett’s representations to Investor A as set forth in paragraphs 2 through 4 above, Investor A invested approximately \$28,000 with Bennett, by giving him that amount in multiple installments, primarily in cash. Investor A obtained the funds through cash advances on her credit cards. Investor A understood that approximately \$2,347 of the funds she gave to Bennett was to cover his personal expenses, and the remainder was to pay for the pending patent.

(6) On or about May 1, 2000, Bennett and Investor A signed a document labeled “Investment Security Contract.” The terms of that document state that Investor A invested \$20,000 in Bennett’s business in exchange for a 3% interest in Bennett’s company, Bennett Enterprises. The document does not include a provision for payment of interest on the \$20,000.

(7) Bennett used between \$6,000 and \$7,000 of the money obtained from Investor A to pay his personal expenses.

(8) Bennett has returned none of Investor A’s money.

(9) On three or four occasions in or about June of 2000, while visiting a Boise bar, Bennett discussed his purported pending patent with B.S. (Investor B), another Idaho resident. Bennett represented to Investor B that his patent would soon be finalized and that manufactured home dealers were interested in the product.

(10) Based on Bennett’s representations to Investor B as set forth in paragraph 9 above, on approximately June 23, 2000, Investor B gave Bennett \$6,000 in exchange for a promissory note signed by Bennett. The promissory note included a 10% interest rate on the \$6,000 loan and promised repayment within six (6) weeks.

(11) Bennett has made no payment to Investor B on the promissory note.

(12) Bennett represents that he solicited hundreds of other people for investment in his purported “heat hose” patent.

(13) The Department of Finance has no record of the registration of any securities offered by Bennett.

COUNT ONE

(14) Paragraphs 1 through 13 set forth above are fully incorporated herein by this reference.

(15) The investments offered and sold by Bennett constitute securities in the form of notes and investment contracts, within the meaning of Idaho Code § 30-1402(12).

(16) Such securities have not been registered with the Idaho Department of Finance as required by Idaho Code § 30-1416.

(17) Bennett has violated Idaho Code § 30-1416.

COUNT TWO

(18) Paragraphs 1 through 13 set forth above are fully incorporated herein by this reference.

(19) At all times relevant to this matter, Bennett was not licensed by the Department of Finance as a broker-dealer or salesman to offer securities for sale, as required by Idaho Code § 30-1406. Therefore, Bennett has transacted business in this state as a broker-dealer or as a salesman without have been properly registered.

(20) Bennett has violated Idaho Code § 30-1406.

COUNT THREE

(21) Paragraphs 1 through 13 set forth above are fully incorporated herein by this reference.

(20) In connection with the offer and sale of securities, Bennett has made untrue statements of material fact in violation of the anti-fraud provision of the Idaho Securities Act. Such misrepresentations include, but are not limited to:

- (a) Bennett's representation that Butch Otter, Idaho's Lieutenant Governor, planned to invest in Bennett's "heat hose" business;
- (b) Bennett's representation that he would pay 200% on Investor A's investment of \$25,000 within a few weeks;

- (c) Bennett's representation that he would pay 10% interest to Investor B on \$6,000.00 loaned to him by Investor B within six (6) weeks.

(21) Bennett has violated Idaho Code § 30-1403(2).

COUNT FOUR

(22) Paragraphs 1 through 13 set forth above are fully incorporated herein by this reference.

(23) Bennett violated Idaho Code § 30-1403(2), an antifraud provision of the Idaho Securities Act, in that he omitted to state material facts necessary in order to make the statements he made, in light of the circumstances under which they were made, not misleading. Bennett's omissions include, but are not limited to, the following:

- (a) Bennett failed to disclose to Investors A and B that the securities were not registered with the Idaho Department of Finance, as required by Idaho Code § 30-1416; and
- (b) Bennett failed to disclose to Investors A and B that he was not registered with the Idaho Department of Finance as a broker-dealer or salesman, as required by Idaho Code § 30-1406.

(24) Bennett has violated Idaho Code § 30-1403(2).

CEASE AND DESIST ORDER

NOW, THEREFORE, PURSUANT TO IDAHO CODE § 30-1442(2), IT IS HEREBY ORDERED THAT BRADLEE L. BENNETT, RESPONDENT HEREIN, IMMEDIATELY CEASE AND DESIST FROM:

A. Selling or offering to sell any nonexempt securities in any form in the state of Idaho until such time as the securities have been registered with the Department of Finance in accordance with Title 30, Chapter 14, Idaho Code;

B. Selling or offering to sell any nonexempt securities in any form in the state of Idaho until such time as Bradlee L. Bennett shall have registered with the Department of Finance as a broker-dealer or salesman for a broker-dealer or issuer with the Department of Finance in accordance with Title 30, Chapter 14, Idaho Code;

C. While engaged in or in connection with the offer, or sale, of any security in the state of Idaho:

- (1) Employing any device, scheme or artifice to defraud any purchasers of securities in Idaho;
- (2) Making any untrue statement of material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;
- (3) Engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

D. Aiding, abetting, counseling, inducing, or causing any person to engage in any of the types of conduct described in paragraphs A, B, or C above.

IT IS FURTHER ORDERED, PURSUANT TO IDAHO CODE § 30-1442(2)(a), THAT BRADLEE L. BENNETT IMMEDIATELY REPAY ALL CONSIDERATION RECEIVED FROM IDAHO INVESTORS IN CONNECTION WITH THE OFFER AND SALE OF THESE SECURITIES.

(25) This Cease and Desist Order is a final order of the Department of Finance. In accordance with Idaho Code § 30-1442(2), you have the right to a hearing before the Department of Finance regarding the Cease and Desist Order. You may file a motion for reconsideration of the Cease and Desist Order, or a request for hearing, **within fourteen (14) days of the service of this order.** Pursuant to Idaho Code § 67-5246(4), the Department will dispose of the petition for

reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. Any such motion for reconsideration or request for hearing must be in writing, addressed to:

Marilyn T. Chastain
Securities Bureau Chief
Department of Finance
P.O. Box 83720
Boise, ID 83720-0031

A copy of the motion for reconsideration or request for hearing must also be sent to the Department's counsel, at the address listed on the first page of this Cease and Desist order.

(26) If a motion for reconsideration or request for hearing is timely filed, you will be notified of the date, time, and place of the hearing, as well as the name of the presiding officer. At the hearing you will be entitled to enter an appearance, introduce evidence, examine and cross-examine witnesses, make arguments, and generally participate in the conduct of the proceedings. If you desire, you may also be represented by legal counsel at your own expense.

(27) Any hearing and subsequent proceeding will be conducted in accordance with the Idaho Administrative Procedure Act (Chapter 52, Title 67, Idaho Code).

(28) Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order may appeal it to district court by filing a petition in the district court of the county in which:

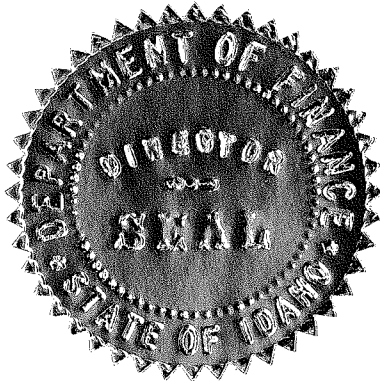
- a. a hearing was held;
- b. the final agency action was taken;
- c. the party seeking review of the order resides, or
- d. where the real property or personal property that was the subject of the agency action is located.

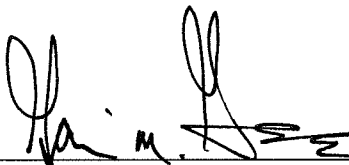
(29) Pursuant to Idaho Code § 67-5273, an appeal must be filed within twenty-eight (28) days of: (a) the service date of this final order, (b) the issuance of an order denying a petition for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later.

(30) The foregoing Cease and Desist Order is necessary and appropriate, in the public interest, and for the protection of the public.

IT IS SO ORDERED.

DATED this 28TH day of November, 2000.




GAVIN M. GEE, Director
Idaho Department of Finance