



Lawrence J. Warfield as Receiver and ordered the Receiver to collect, receive and take exclusive custody and control and possession of certain assets of the Defendants in *SEC v. Cook, et al.* (the "Receivership Assets"). A true and correct copy of the Order Appointing Temporary Receiver is attached hereto as Exhibit A. The Order Appointing Temporary Receiver authorizes the Receiver to institute such proceedings as may in his judgment be necessary or proper for the protection and collection of the Receivership Assets. Pursuant to an Ex Parte Order Re: Petition No. 49, the Court authorized the Receiver to institute this lawsuit. A true and correct copy of the Order Re: Petition No. 49 is attached hereto as Exhibit B.

2. The Church of Scientology Western United States, a/k/a American Saint Hill Organization (hereinafter referred to as "ASHO") is a corporation duly organized and existing under the laws of the State of California, with its principal place of business located at 1308 L. Ron Hubbard Way, Los Angeles, California 90027. ASHO may be served with process by serving its registered agent, Jeanne Gavigan, at 3055 Wilshire Boulevard, Los Angeles, California 90010.

3. The Church of Scientology Religious Trust (hereinafter referred to as the "Trust") has its principal place of business located at 319 South Garden Avenue, Clearwater, Florida 33756. The Trust may be served with process by serving its registered agent, Mary Salinas, Trustee of the Church of Scientology Religious Trust, at the Trust's principal place of business.

4. Mary Salinas is the Trustee of the Church of Scientology Religious Trust, and may be served with process at the Trust's principal place of business, 319 South Garden Avenue, Clearwater, Florida 33756.

#### **JURISDICTION**

5. This Court has subject matter jurisdiction to adjudicate the Receiver's claims against the Defendants pursuant to 28 U.S.C. § 1331. This Court has original jurisdiction over this case and controversy because this action is related to and arises out of alleged violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 as amended and Rule 10b-5 thereunder. Moreover, this Court assumed exclusive jurisdiction to adjudicate claims regarding the assets that are the basis of this Complaint, defined as "Receivership Assets," in this Court's Order Appointing Temporary Receiver entered in this lawsuit on March 16, 1999. The Court's assumption of exclusive jurisdiction is authorized by 28 U.S.C., §1367.

6. This Court has personal jurisdiction over the Defendants pursuant to 15 U.S.C. § 78aa and 28 U.S.C. §§ 754, 1692.

7. The territorial jurisdiction of this Court is extended to both the Central District of California and the Middle District of Florida (the principal places of business for ASHO and the Trust respectively) by virtue of the Receiver having complied with requirements of 28 U.S.C. § 754. More specifically, in compliance with 28 U.S.C. § 754, on March 25, 1999 (less than ten (10) days after the Receiver was appointed), the Receiver filed certified copies of the Commission's Complaint in Civil Action No. 3-99-CV-0571, and the Order Appointing Temporary Receiver with the clerks of California's Central district court and

Florida's Middle district court. Such timely filing of the pleadings with the district courts of California and Florida pursuant to 28 U.S.C. § 754 extends the jurisdiction of this Court to persons and property located within the States of California and Florida. See 28 U.S.C. § 1692.

8. In addition to the foregoing, this Court has personal jurisdiction over the Defendants pursuant to 15 U.S.C. § 78aa, which provides nationwide service of process where "any act or transaction constituting the [securities] violation occurred." As set forth herein, the Receiver's action against the Defendants arises out of and is related to the securities violations alleged by the Securities and Exchange Commission (the "Commission") in *SEC v. Cook, et al.*

#### **VENUE**

9. Venue is proper in this Court pursuant to the Order Appointing Temporary Receiver in which the Court took exclusive jurisdiction of the Receivership Assets and authorized the Receiver, as the Court's agent, to take and have possession of the Receivership Assets. See 28 U.S.C. 754, 1367. As set forth herein, this action arises out of and is related to the Receiver's attempt to seek damages for the misappropriation and conversion of Receivership Assets. Additionally, venue is proper as both corporations and unincorporated associates are deemed to reside and venue is therefore proper where they are subject to personal jurisdiction. See *Penrod Drilling Co. v. Johnson*, 414 F.2d 1217, 1222-24 (5<sup>th</sup> Cir. 1969); 28 U.S.C. §1391(b), (c).

### **FACTUAL BACKGROUND**

10. As set forth in the SEC's Complaint in *SEC v. Cook, et al.*, this case arises out of a complex Ponzi scheme developed and carried out by the defendants in *SEC v. Cook, et al.* (collectively the "Cook Defendants"). As part of this scheme, the Cook Defendants set up several entities to be used as tools for their fraud, which entities included but were not limited to Dennel Finance Ltd., Alliance Investment Corp., and Highland Limited Partnership (hereinafter referred to as the "Receivership Entities"). The Cook Defendants induced investors to invest in the Receivership Entities by promising them high returns, when in reality most of the money received from the investors was used by the Cook Defendants for personal and unauthorized uses, including making Ponzi payments to existing investors with funds provided by new investors.

11. The Cook Defendants were successful in their scheme, raising approximately \$40 million from more than 100 investors nationwide. Benjamin Cook, the mastermind of the Ponzi scheme, siphoned millions of dollars from the Receivership Entities. In addition, Cook caused the Receivership Entities to make various donations to Defendants ASHO and the Trust. More specifically, and based on the investigation of the Receiver to date, Mr. Cook caused the Receivership Entities to transfer over \$1.6 million to ASHO and/or the Trust. The monies transferred to ASHO and/or the Trust came from the funds invested in the Receivership Entities by the various investors in the Ponzi scheme. However, because these transfers were fraudulent as to the Receivership Entities, Benjamin J. Cook d/b/a Dennel Finance Ltd., as well as the investors in the Receivership Entities and Benjamin J. Cook d/b/a Dennel Finance Ltd., they should be set aside.

12. The Receiver has made demand upon ASHO and the Trust to return the monies fraudulently transferred to them by the Receivership Entities. To date, however, ASHO and the Trust have offered to return only \$38,000.00 of the more than \$1.6 million they have received.

### **CLAIMS FOR RELIEF**

#### **A. Fraudulent Transfer.**

13. The Receiver alleges and hereby incorporates by reference each and every allegation made in Paragraphs 1 through 12 of this Complaint as if each were separately set forth herein.

14. Beginning in October 1997 and continuing through at least November 1998, Benjamin Cook caused one or more of the Receivership Entities to transfer in excess of \$1.6 million to Defendants ASHO and/or the Trust. Each of these transfers was fraudulent pursuant to the Uniform Fraudulent Transfer Act,<sup>1</sup> and were made at the direction and under the control of Benjamin Cook. More specifically, each of the transfers complained of were made with actual intent to hinder, delay, or defraud the Receivership Entities' creditors, including the investors in the Ponzi scheme. In addition, each of the transfers were made as a "donation" and without reasonably-equivalent value in return from ASHO or the Trust, and were made at a time when the Receivership Entities' remaining assets were unsatisfactory to pay their debts, including their debts to the investors in the Ponzi scheme. Accordingly, the Receiver requests the Court to set aside each of the transfers

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<sup>1</sup>Each of the states having any connection to the issues made the subject matter of this lawsuit have adopted the Uniform Fraudulent Transfer Act. See ARS 44-1001 et seq.; TEX. BUS. & COMM CODE ANN. § 24.001, et seq.; FLA. STAT. § 726.101, et seq.; and CALIF. CIV. CODE § 3439, et seq.

from the Receivership Entities to ASHO and/or the Trust, and command that such transfers be returned to the Receiver.

15. The Receiver has demanded that ASHO and the Trust turn over all the monies transferred to them by any Receivership Entity pursuant to this Court's Order. However, despite the fact that over \$1.6 million has been transferred to ASHO and the Trust, Defendants have only offered to return \$38,000.

**B. Claim for Attorneys' Fees and Expenses.**

16. The Receiver alleges and hereby incorporates by reference each and every allegation made in paragraphs 1 through 16 of this Complaint as if each were separately set forth herein.

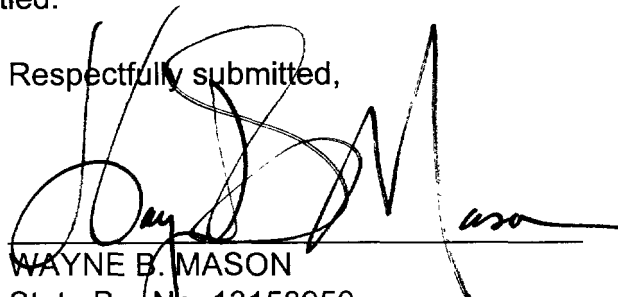
17. As a direct and proximate result of the Defendants' acts, the Receiver has been required to retain attorneys to pursue the Receiver's remedies. The Defendants are liable for the Receiver's reasonable and necessary attorneys' fees and expenses incurred in this action.

**PRAYER FOR RELIEF**

WHEREFORE, PREMISES CONSIDERED, Receiver Lawrence J. Warfield respectfully requests that Defendants be cited to appear and answer, and that, upon final hearing, Plaintiff have judgment against Defendants as follows: (1) that the transfers from the Receivership Entities to Defendants be declared fraudulent and void pursuant to the Uniform Fraudulent Transfer Act; (2) that the transfers to Defendants be set aside and returned to the Receiver; (3) post-judgment interest as provided by law from the date of

judgment until paid; (4) attorneys' fees; (5) costs of suit; and (6) such other and further relief to which Plaintiff may be justly entitled.

Respectfully submitted,

A large, stylized handwritten signature in black ink, appearing to read 'Wayne B. Mason', is written over a horizontal line.

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