

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF determining
Whether there has been a violation of the
Securities Act of Washington by:

Jeffrey Beneson,
Respondents

SDO - 93 - 00

STATEMENT OF CHARGES AND NOTICE
OF INTENTION TO ENTER ORDER TO
CEASE AND DESIST

Case No. 98-12-408

THE STATE OF WASHINGTON TO: Jeffrey Beneson
14753 NE First Pl Apt C7
Bellevue, WA 98007

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent, Jeffrey Beneson, has violated the Securities Act of Washington and that his violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I.

Jeffrey Beneson was a registered securities salesperson in Washington state from April 1988 through October 1995 for a series of broker-dealers. Beneson has not been registered as a securities salesperson since October 26, 1995.

II.

Beginning no later than August 1995 and continuing through August 1998, Beneson solicited sales of shares of stock from at least two Washington residents in a number of different companies. These companies included Global Digital Information, Inc., later known as Master Piece Technology; Green Scan Imaging Centers, Inc.; W3 Magic Corporation. Beneson represented to each Washington resident that Beneson was selling his personal shares of these stock. On two occasions, Beneson arranged for another person, Russell Koch, a former securities salesperson who has

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1 been barred by the National Association of Securities Dealers, to sell his shares of stock to one of the Washington
2 residents. Beneson received over \$60,000 for the shares he sold, primarily in the form of checks payable to him
3 personally. He sold the shares in at least twelve separate transactions. Beneson led the Washington residents to believe
4 that the companies in which he sold the shares were about to go public and that he was able to offer them these shares in
5 advance of the public offerings. Beneson said that the shares would cost the Washington residents less than a dollar a
6 share but would be worth \$5 a share when the companies went public. Beneson had no basis for the claim that the shares
7 he sold would soon be many times more valuable.

8 III.

9 Jeffrey Beneson is not currently registered as a securities salesperson or broker-dealer in the state of Washington
10 and has not been so registered since October 26, 1995.

11 IV.

12 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

13 CONCLUSIONS OF LAW

14 I.

15 The offer and/or sale of shares of stock described above constitutes the offer and/or sale of a security as defined in
16 RCW 21.20.005(10) and (12).

17 II.

18 Jeffrey Beneson has violated RCW 21.20.040 by engaging in the business of effecting transactions in
19 securities for the account of others or for his own account while not registered as a securities salesperson or broker-dealer
20 in the state of Washington.

21 III.

22 The offer and/or sale of said securities was made in violation of RCW 21.20.010 because investors were induced
23 to purchase based on the claim that the shares they purchased would soon be worth many times the purchase price they
24 paid for the shares when the companies went public without being told that there was no assurance that the companies
25 would ever go public or that if they did the shares would become significantly more valuable.

26 STATEMENT OF CHARGES AND NOTICE OF 2
27 INTENTION TO ENTER ORDER TO CEASE AND
DESIST

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1 **NOTICE OF INTENTION TO ORDER THE RESPONDENT TO CEASE AND DESIST**

2
3 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to
4 order that the respondent to permanently cease and desist from violations of RCW 21.20.010 and 21.20.040.

5 **AUTHORITY AND PROCEDURE**

6 This STATEMENT OF CHARGES AND NOTICE OF INTENTION TO ENTER ORDER TO CEASE AND
7 DESIST is entered pursuant to the provisions of RCW 21.20.390 and is subject to the provisions of ch. 34.05 RCW. The
8 respondent, Jeffrey Beneson, may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY
9 TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

10 DATED this 26th day of December 2000.

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DEBORAH R. BORTNER
15 Securities Administrator

16 Approved By:

Presented By:

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18 _____
Michael E. Stevenson
19 Chief of Enforcement

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Suzanne E. Sarason
21 Senior Enforcement Attorney

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24 STATEMENT OF CHARGES AND NOTICE OF 3
25 INTENTION TO ENTER ORDER TO CEASE AND
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