Office of Thrift Supervision
Department of the Treasury

Richard M. Riccobono
Deputy Director

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October 30, 2001

MEMORANDUM FOR: Chief Executive Officers

FROM: Richard M. Riccobono

SUBJECT: SEC v. Robert L. Bentley, Entrust Group and Bentley Financial Services, Inc.

Attached is a Joint Agency Release issued by the Office of Thrift Supervision, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation and the National Credit Union Administration concerning a lawsuit filed by the Securities and Exchange Commission on October 23, 2001, against Robert L. Bentley, Entrust Group, and Bentley Financial Services, Inc., all of Paoli, Pennsylvania. The suit, filed in the United States District Court in Philadelphia, alleged that the defendants are committing fraud in the sales of securities to financial institutions, including banks, thrifts and credit unions, and to individual investors. On October 24, 2001, the U.S. District Court issued a Temporary Restraining Order against defendants.

OTS-regulated financial institutions that hold any funds, securities or other assets in the name of or for the benefit of defendants should take steps necessary to comply with the terms of the Temporary Restraining Order. Further, financial institutions that have invested funds through Bentley Financial Services, Entrust Group or Robert L. Bentley should contact the court-appointed Receiver to confirm the existence of and their ownership interest in the CDs, and should contact their OTS regional office to report the results of those inquiries. Financial institutions with substantial amounts invested in these CDs should ensure that they have established appropriate reserves.

Questions concerning the litigation can be directed to your OTS regional office.

Attachments

Office of the Comptroller of the Currency
Federal Deposit Insurance Corporation
Office of Thrift Supervision
National Credit Union Administration

For Immediate Release: October 30, 2001

Joint Agency Release on SEC Action Against Robert L. Bentley, Entrust Group and Bentley Financial Services, Inc.

On October 23, 2001, the Securities and Exchange Commission filed suit against Robert L. Bentley, Entrust Group, and Bentley Financial Services, Inc., all of Paoli, Pennsylvania, for suspected securities fraud. The suit, filed in the U.S. District Court in Philadelphia, alleges that the defendants are committing fraud in the sales of securities to financial institutions, including banks, thrifts and credit unions, and to individual investors. Specifically, the Commission alleges that defendants are representing to investors that they are selling federally-insured certificates of deposit ("CDs") when, in fact, they are selling uninsured securities issued by the defendants. The Commission also alleges that in many cases investors must rely on the defendants' ability to attract new investors in order for previous investors to receive repayment of their principal.

On October 24, 2001, the U.S. District Court issued a Temporary Restraining Order against defendants. A copy of that order is attached. The order freezes defendants' accounts and appoints a receiver to exercise control over defendants' assets. The order appoints David H. Marion, Esq. with the firm of McCracken, Walker & Rhoades LLP as the Receiver. In addition, the Temporary Restraining Order states:

> "B) Any bank, financial or brokerage institution or other person or entity holding any funds, securities or other assets in the name of, for the benefit of, or under the direct or indirect control of defendants Robert L. Bentley, Bentley Financial Services, Inc, Entrust Group, or their officers, directors, or those persons in active concert or participation with them, and each of them, shall hold and retain within their control and prohibit the withdrawal, removal, transfer or other disposal of any such funds or other assets of defendants;…."

All institutions supervised by the agencies issuing this joint advisory that hold any funds, securities or other assets in the name of or for the benefit of defendants should take steps necessary to comply with the terms of the Temporary Restraining Order. Further, all financial institutions that have invested funds through Bentley Financial Services, Entrust Group or Robert L. Bentley, are advised to confer with counsel about your institution's appropriate course of action, including contacting the court-appointed Receiver about your institution's investments. The Receiver may be reached at 215-772-7257.

Attachments

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF EASTERN DISTRICT OF PENNSYL ANIA

SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

v. : Civil Action No. 01-CV-5366

ROBERT L. BENTLEY,
BENTLEY FINANCIAL SERVICES, INC.,
ENTRUST GROUP,

Defendants.

TEMPORARY RESTRAINING ORDER, ORDER APPOINTING REC VER, FREEZING ASSETS AND PROVIDING FOR OTHER RELIEF

Plaintiff Securities and Exchange Commission ("Commission"), hav g commenced this action on or about October 23, 2001, by filing a Complaint For Permanent I unction and Other Relief and a Motion for Temporary Restraining Order and Other Relief; def dants having waived service of the summons and complaint, and a consent having been fi d by all defendants in which they waived have their right to the entry of findings of fact and con usions of law under Rule 52 of the Federal Rules of Civil Procedure, and, without admitti or denying the allegations made in the Commission's pleadings, except as to jurisdiction w ch is admitted, and having consented to entry without further notice of this Order, and it appear g that this Court has jurisdiction over the parties and over the subject matter of this action, a the Court being fully advised in the premises:

THE COURT FINDS:

1) This Court has jurisdiction over the subject matter of this action and over lefendants.

Now, therefore,

I.

IT IS HEREBY ORDERED that pending the determination of the Cc ımission's Motion for a Preliminary Injunction or hearing on the merits: Defendants, and their (ficers, directors, subsidiaries, affiliates, agents, servants, employees, attorneys-in-fact, and th ;e persons in active concert or participation with them who receive actual notice of this order by ersonal service or otherwise, and each of them, are enjoined and restrained from, directly or in rectly, in the offer or sale of any security by the use of any means or instruments of transportat n, or communication in interstate commerce or by the use of the mails: (1) emplo ing any device, scheme, or artifice to defraud; or (2) obtaining money or property by means f any untrue statement of a material fact or any omission to state a material fact necessar in order to make the statements made, in the light of the circumstances under which they wei made, not misleading, or; (3) engaging in any transaction, practice, or course of busin s which operates or would operate as a fraud or deceit upon the purchaser in violation of Sectio 17(a) of the Securities Act of 1933 [15 U.S.C. §77q(a)].

II.

IT IS HEREBY ORDERED that, pending the determination of the (ommission's Motion for a Preliminary Injunction or hearing on the merits: Defendants, and theii ›fficers, directors, subsidiaries, affiliates, agents, servants, employees, attorneys-in-fact, and t ›se persons in active concert or participation with them who receive actual notice of this order b personal service or otherwise, and each of them, are enjoined and restrained from directly or ir irectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of ıy facility of any

national securities exchange in connection with the purchase or sale of any se urity: (1) employing any device, scheme, or artifice to defraud; (2) making any untrue atement of a material fact or to omit to state a material fact necessary in order to make the atements made, in the light of the circumstances under which they were made, not misleading; c (3) engaging in any act, practice, or course of business which operates or would operate as a aud or deceit upon any person in violation of Section 10(b) of the Securities Exchange Act of 19 4 [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5].

III.

IT IS HEREBY ORDERED that, pending the determination of the Cc mission's Motion for a Preliminary Injunction or hearing on the merits: Defendants Bentley Fin icial Services, Inc., and Bentley, and their officers, directors, subsidiaries, affiliates, agents, rvants, employees, attorneys-in-fact, and those persons in active concert or participat n with them who receive actual notice of this order by personal service or otherwise, and each c them, are enjoined and restrained from, directly or indirectly, while engaged in the busi ss of effecting transactions in securities for the account of others or for their own accounts, h ve made use of the mails or the means or instrumentalities of interstate commerce to effect tra sactions in, or to induce the purchase of, securities, without being registered as brokers or deale with the Commission in violation of Section 15(a) of the Exchange Act [15 U.S.C. 78c a)]

IV.

IT IS HEREBY ORDERED THAT pending the determination of the C mmission's Motion for a Preliminary Injunction or hearing on the merits:

A) All the assets of each of the defendants are frozen. Defendants and heir officers, directors, and those persons in active concert or participation with them who r eive actual notice of this order by personal service or otherwise, and each of them, hold ar retain within

their control, and otherwise prevent any disposition, transfer, pledge, encumbrance, assignment, dissipation, concealment, or other disposal whatsoever of any of their funds or other assets or things of value presently held by them, under their direct or indirect control or over which they exercise actual or apparent investment or other authority, or which are held directly or indirectly for their benefit, in whatever form such assets may presently exist and wherever located.

B) Any bank, financial or brokerage institution or other person or entity holding any funds, securities or other assets in the name of, for the benefit of, or under the direct or indirect control of defendants Robert L. Bentley, Bentley Financial Services, Inc., Entrust Group, or their officers, directors, or those persons in active concert or participation with the, and each of them, shall hold and retain within their control and prohibit the withdrawal, removal, transfer or other disposal of any such funds or other assets; and

C) The defendants and their officers, directors, successor corporations, subsidiaries and affiliates, agents, servants, employees, attorneys-in-fact, and those persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise, and each of them, shall refrain from soliciting investors to invest in securities, accepting, taking control of, or depositing in any financial institution additional funds from actual or potential investors in securities issued or sold by them.

D) Defendants may request that the court modify the asset freeze against Robert Bentley to provide for reasonable living expenses and attorney fees. The SEC may oppose any such request for modification of the asset freeze.

V.

IT IS FURTHER ORDERED that, the defendants are prohibited from destroying or altering records. Pending determination of the Commission's Motion for a Preliminary Injunction or hearing on the merits, defendants, and their officers, directors, successor

corporations, subsidiaries and affiliates, agents, servants, employees, attorney-in-fact, and those persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise, and each of them, are hereby restrained from destroying, mutilating, concealing, altering, or disposing of any document referring or relating in any manner to any transactions described in the Commission's complaint in this action, or to any communications between or among any of the Defendants. As used in this order, "document" means the original and all non-identical copies (whether non-identical because of handwritten notation or otherwise) of all written or graphic matter, however produced, and any other tangible record, or electronic data compilation capable of reproduction in tangible form including, without limitation, computer data, e-mail messages, correspondence, memoranda, minutes, telephone records, reports, studies, telexes, diaries, calendar entries, contracts letters of agreement, and including any and all existing drafts of all documents.

VI.

IT IS FURTHER ORDERED that the Commission's application for expedited discovery, is granted and that, commencing with the time and date of this Order, in lieu of the time periods, notice provisions, and other requirements of Rules 26, 30, 33, 34, 36 and 45 of the Federal Rules of Civil Procedure, and Rules 26.1.A and 30.1A of the Local Rules of this Court, discovery shall proceed as follows:

A) Pursuant to Rule 30(a) of the Federal Rules of Civil Procedure, the Commission may take depositions upon oral examination on two days notice of any such deposition. Depositions may be taken Monday through Saturday and may be taken telephonically. As to Defendants, and their officers, directors, subsidiaries and affiliates, agents, servants, employees, owners, brokers, associates, trustees, and underwriters, the Commission may depose such witnesses after serving a deposition notice by facsimile, hand or overnight courier upon such defendant or their counsel,

and without serving a subpoena on such witness. Depositions which have not been signed by the witness may be used for purposes of the hearing on plaintiff Commission's application for a preliminary injunction;

B) Pursuant to Rule 33(a) of the Federal Rules of Civil Procedure, the defendants, and each of them, shall answer the Commission's interrogatories within three days of service of such interrogatories upon defendants;

C) Pursuant to Rule 34(b) of the Federal Rules of Civil Procedure, the defendants, and each of them, shall produce all documents requested by the Commission with three days of service of such request, with production of the documents made to Plaintiff's counsel, or such other person or place as counsel for the Commission may direct in writing;

D) Pursuant to Rule 36(a) of the Federal Rules of Civil Procedure, the defendants shall respond to the Commission's requests for admissions within three days of such requests; and

E) All written responses to the Commission's requests for discovery under the Federal Rules of Civil Procedure shall be delivered by hand or overnight courier to Plaintiff's counsel, or such other place and person as counsel for the Commission may direct in writing.

X.

A) IT IS ORDERED that the Court appoints: David H. Marion, Esq. of Montgomery, McCracken, Walker & Rhoads LLP as a Receiver pursuant to 28 U.S.C. § 754. No bond is required in connection with the appointment of the Receiver.

B) The Receiver shall have complete jurisdiction over, and control of all the property, real, personal or mixed, including any assets or funds, wherever located of all defendants.

C) The Receiver shall take control immediately of premises occupied or owned by defendants except for defendant Bentley's primary personal residence and all accounts of the

defendants at any bank, brokerage firm or financial institution which has poss sion custody or control of any assets of the defendants wherever located.

D) The Receiver is authorized to incur reasonable expenses and to eng ge or employ persons necessary to assist in carrying out his duties and responsibilities. The Receiver shall make an application to the Court for costs, fees and expenses for services des ibing in reasonable detail the nature of the services performed and shall be paid out of efendants' funds.

IT IS FURTHER ORDERED that service of this Order, the Summons nd Complaint may be made by facsimile, mail, delivery by commercial courier, or personall by any employee of the Securities and Exchange Commission who is not counsel of record in th s matter, or special process server, or any other person, or in any other manner authorized y Rule 5 of the Federal Rules of Civil Procedure and may be made on any registered agent, o cer, or director of defendants, or by publication or on counsel for defendants. Discovery reques may be communicated by facsimile, mail, or delivery by commercial courier.

IT IS FURTHER ORDERED, pursuant to the agreement of the parties that the defendants, and each of them, appear before this Court at 2 p .m. on the 9th day of November, 2001, in Courtroom 9B, of the United States District Court for the Eastern District of Pennsylvania, or as soon there ter as they can be heard, to show cause, if any there be, why this Court should not enter a Prelim ary Injunction and order preliminary relief against the defendants pursuant to Rule 65 of the ederal Rules of Civil Procedure, and extending the temporary relief granted in this Order until final adjudication on the merits may be had.

IX.

It is further ordered that the Court shall retain jurisdiction of this matt for all purposes.

SO ORDERED, this 24th day of October 2001, at 5:35 o lock p m.

United States District Judge
Jay C. Waldman