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July 12, 1999

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RE: Dennel Finance Limited Dear Investor:

As you may know, on March 16, 1999, the United States Securities and Exchange Commission ("SEC") filed suit in the United States District Court for the Northern District of Texas ("District Court") against defendants Benjamin Franklin Cook, individually and doing business as Dennel Finance Limited, Gerald Lee Pate, Ellsworth Wayne McClaws, and Alan Clagg, and relief defendants FPC- 1 Limited Partnership, Samuel Limited Partnership, Alliance Investment Corp., Cornerstone Management, LLC, International Business Consultants, Highlander Limited Partnership and C. Kelly Olsen. In its lawsuit, the SEC alleged that the defendants had engaged in unlawful and fraudulent conduct in violation of federal securities laws in connection with the Dennel investment program.

At the time the SEC filed its Complaint, the SEC presented evidence to the Court that the Dennel investment program constituted a fraudulent scheme and was conducted as a "Ponzi" scheme, with purported returns to investors derived merely from funds obtained from new investors. Based on the evidence submitted by the SEC, on March 16, 1999, the District Court entered an order appointing me as Receiver of all assets of Dennel and other defendants and relief defendants, except C. Kelly Olsen, as to whom I am the Receiver of his assets derived from the unlawful conduct alleged by the SEC. The Court also entered an order granting emergency relief against the defendants and the relief defendants, including a freeze on all assets of defendants and all assets of relief defendants derived from the fraudulent activities alleged in the Commission's complaint and a requirement that assets located abroad be returned to the United States.

On April 1 and 2, 1999 the Court conducted an evidentiary hearing at which the SEC presented witnesses and documents supporting its claims. The defendants declined to testify at the hearing. Defendants Ben Cook, Wayne McLaws and Allan Clagg asserted their Fifth Amendment privilege against selfincrimination to prevent the SEC from obtaining their testimony prior to the hearing. At the conclusion of the hearing, the Court granted preliminary injunctions against each of the defendants and continued the emergency relief granted on March 16, 1999. The Court concluded the evidence presented by the SEC supported the claim that defendants did not use investor funds as represented. The Court also stated that the evidence supported the claim that the Dennel investment program was operated as a "Ponzi" scheme.

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As Receiver, my principal responsibility is to locate and recover all funds invested in Dennel or the other defendants or relief defendants so that they can be equitably distributed to the Dennel investors. Based on information presently available, it appears that there were in excess of \$50 million of outstanding investor account balances as of the date this receivership was initiated. To date, I have secured approximately \$2 million in cash, jewelry, land, luxury automobiles, airplanes and watercraft. I have asked the Court to let me sell most of these non-cash assets for the purpose of providing restitution to investors. At this time, the Court has the matter under consideration. In addition to the \$2 million of which I have possession, the State of Arizona has seized for forfeiture approximately \$10 million in cash and real estate. I have filed a claim seeking recovery of those assets for the benefit of Dennel investors.

My task as Receiver has been made very difficult by the fact that Ben Cook and other defendants, with the exception of Gerald Pate, have continued to invoke their Fifth Amendment privilege against self-incrimination in refusing to provide, in response to orders from the District Court and inquiries from the Receiver and SEC, information concerning Dennel and the location of investor funds. Moreover, Wayne McLaws and several Cook related entities that hold title to property seized by the State of Arizona have filed competing claims in the forfeiture proceeding.

Since I have recovered or identified in the State's possession only \$12 million, there may be a significant amount yet to be identified and recovered. I believe that some of the money may be held by the defendants or their affiliates in cash, as well as maintained in domestic and foreign bank accounts. It has been reported to me and the SEC that the defendants, since the entry of the District Court's orders, have repeatedly represented to investors that they are preparing to repay at least some investors. In fact, as I described above, the actions of the defendants in this matter thus far appear to be aimed at preventing investors from receiving reimbursement. Moreover, any attempt by defendants to make repayments to selected investors would be in violation of the District Court's orders. If you have received any interest or principal payments since March 16, 1999, those payments were made in violation of the Court's order. I urge you to contact me concerning any such payments.

As Receiver, my goal is to recover and return to the investors 100% of their investment; however, given the lavish lifestyles and the lack of cooperation from the defendants and the absence of any evidence that Investor Funds were invested in a legitimate investment, it is most likely that investors will ultimately receive less than 100% of their investment. If that were to happen, it is imperative that all similarly situated investors be treated equally; that is, each receives the same percentage return of their investment.

I will be sending to you shortly a claim form for your use in filing a claim in the receivership. When you receive it, please complete and return that form as soon as possible.

Very truly yours,

Lawrence J. Warfield, CPA
Receiver

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