

PACKERCHRONICLE 9

Mark Shurtleff and Utah's Copper King Mine *Part I* *Booster or Enforcer?* *Plus: the Winterfox Loan*

By Lynn Packer *August 8, 2013*



Utah Attorney General Mark Shurtleff
with Mark Dotson on his right
and Marcus Southworth on his left.

On October 20, 2009 a small, private plane flew to Salt Lake City from its home base in Cedar City, picked up Attorney General Mark Shurtleff and three other passengers, and shuttled them to Milford Utah where Shurtleff would visit the Copper King Mine.

Shurtleff was not there as Utah's top law enforcement official to serve subpoenas or make arrests. Even though a massive penny stock fraud was going on, literally, under the Attorney General's nose. He was there to support the venture and raise money for his announced senatorial campaign.

The question is whether Shurtleff was unwittingly duped into lending high-profile support for an alleged scam or whether he was more than willing, whatever a company's credibility, to seek campaign support from anyone seeking to "pay to play."

Despite investors, including Mitt Romney's son Josh, pumping in millions of dollars, lured with the promise of extraordinary returns from a mine touted to become the largest of its kind in the world, the operation would soon collapse into bankruptcy taking millions of investor dollars down with it. (Unlike most investors Romney got most of his money back.)

At the time of Shurtleff's visit Utah's present Attorney General, John Swallow, was a lobbyist for one of the mine's lenders, Winterfox, LLC. George Evan Bybee, who actually is Winterfox, was also among the lucky ones to recover money.



Copper King Mine on the outskirts of Milford
in west-central Utah.

A former Copper King executive said Winterfox, LLC was part of a loan package. But the name behind Winterfox, Evan Bybee, was kept secret. The executive said he was only told that the person behind Winterfox was not reputable but other sources for money had dried up. Bybee declines comment.

A month after Shurtleff's mine visit he would withdraw from the US Senate race and appoint Swallow as one of his two chief deputies. (Swallow declines to be interviewed so he won't say if he or a nominee invested in Copper King. But as of 2013 he did own stock in two other mines: Stillwater in Montana and the thinly traded, microcap mine, North

American Palladium of Canada.)

Despite allegations of misrepresentation, money skimming and securities fraud no Copper King promoter was criminally charged, either by Shurtleff's office or the federal government. Going after penny stock swindlers is not high on either the Utah Attorney General's or Department of Justice's to-do lists.

The Securities and Exchange Commission (SEC), which by law cannot bring criminal charges, did take administrative action against the men on either side of Shurtleff in a photo taken during his visit: Mark Dotson and Marcus Southworth.

Mark Dotson is a Milford, Utah geologist who assembled claims and leases over more than a decade to form Western Utah Copper Company (WUCC), investing heavily himself. But he was sucked into the vortex of a penny stock fraud by promoters he brought in to raise money.

Marcus Southworth is an investment banker/venture capitalist who told Dotson he could raise \$65 million for WUCC in exchange for fees and commissions. In 2008 Southworth helped take WUCC public via a reverse merger with a penny stock shell that became known as Copper King. That commenced the Copper King Mine penny stock scam.

Southworth is accused of being in the middle of a stock manipulation scam and making "fraudulent money transfers" totaling about \$170,000 from mine bank accounts into his own before pushing out Dotson as president and taking the company into bankruptcy.

Securities and Exchange Commission lawsuits accused Copper King Mining, Dotson and promoter Wilf Blum making issuing material false and misleading press releases about the company, offering unregistered securities for sale and acting as an as an unregistered broker.

The civil complaint alleged:

Dotson acted as the President and Chief Executive Officer of Copper King from January 2008 through March 2010, when he was removed from these positions as a result of, among other things, the actions alleged in this Complaint. Dotson authored and distributed false and misleading information in press releases and on Copper King's Internet website regarding the company's ability to produce revenue, its ability to extract significant amounts of copper and other metals, its receipt of an irrevocable purchase order for its copper, and its receipt of a firm funding commitment for \$100 million to pay for mining operations and to build an ore processing mill.

The SEC Civil suit said Dotson used his company's web site to forecast the company expected to extract over 230 million pounds of copper, 11.5 million ounces of silver and more



Wilf Blum engineered Copper King's reverse merger using a shell already sanctioned by the SEC.



Actor John O’Hurley with Neil Cavuto on Fox Business News touting Copper King stock.

than 100,000 ounces of old within five years. He estimated they would rake in \$1.2 billion in the first five years.”Dotson knew that these claims were false and misleading, the SEC alleged.

Copper King hired Midvale public relations firm Alexander Lindale, Wilf Blum’s company, to mount a campaign to attract investors. Blum’s campaign included billboards, celebrity endorsements and infomercials. “In March 2009, Copper King hosted a media event at its site in Milford where former CEO Mark Dotson boasted of an “ocean of copper” that could rival the size of Kennecott’s Bingham Canyon mine,” *The*

Deseret News reported.

Some of the alleged false representations were made in a YouTube video and in interviews on Fox Business news by actor John O’Hurley who said there is a “hidden treasure buried in the mountains of southwestern Utah.” He said “it’s estimated that Copper King will gross a half a million dollars on an average day half of which will be profit.” “There is substantial evidence to support huge ore bodies, perhaps the biggest in the world.”

The mine is now back in operation under new ownership and a new name: CK Mining, Inc. John Bryan, trustee or a liquidating Trust continues to recover money associated with the former, alleged fraudulent activities via lawsuits brought against Southworth and Dotson among others.

The SEC did refer the Copper King fraud matter to United States Attorney's Office for the District of Utah for investigation and possible prosecution. From all indications criminal charges relating to Copper King mine are under view by the Department of Justice. But since 911 vast FBI resources have been diverted from white collar fraud to counterterrorism. Which means while FBI agents moved from white caller fraud investigations help search behind bushes for an Al Qaeda terrorist, hundreds of swindlers roam Utah.

In 1989 U.S. Attorney Dee Benson, who later became a federal judge, told *The Deseret News*. “Penny stock fraud will get top priority.” Benson told he paper that it’s appropriate, since white-collar crime costs taxpayers “significantly more money than burglaries, bank robberies and all of that kind of crime put together.” In 1985, for example, all the money taken in bank robberies totaled \$19 million, while 64 people that same year swindled more than \$10 million apiece through white-collar fraud, the article said.

But what about 2013? A spokesperson for the U S Attorney in Utah said there are currently no active cases involving penny stock fraud and none going back at least five years, maybe more.



Billboards promoted Copper King’s penny stock traded on the pink sheets.



At present there is no indication that either Mark Shurtleff or John Swallow held any Copper King stock, either directly or through nominees. So Shurtleff's public support of the mine, even though the company was deemed a fraud by the SEC, will likely be of little interest to federal investigators.

But a Utah Legislature's probe, now getting underway, may look at possible unethical as well as possible illegal conduct. After all Copper King was not the only entity for which Shurtleff made public appearances of support or private requests for campaign donations. For example, when Shurtleff in 2007 greeted a crowd of USANA multilevel "Good morning, Usana!" he yelled in an attempt to whip up enthusiasm. "I have some news for you. Last night I went and talked to Governor Huntsman, and he agreed with me that it is now time to change the name of our state. 'From now on we will be known as Utana!'" "Whew!" he added with a fist bump. "Keep selling, keep spreading the word!"