

Shurtleff, Southworth, Winterfox and Utah's Copper King Mine *Part II*

By Lynn Packer
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**Mark Shurtleff, Marcus
Southworth at Copper King Mine**

When then-Utah Attorney General Mark Shurtleff visited the Copper King Mine at Milford, Utah the visiting dignitary got red-carpet treatment. (See *PACKERCHRONICLE* August 8.) Accompanied by the mine's chief fundraiser Marcus Southworth he toured the Copper King mine and the nearby, historical, Horn Silver Mine remains at Frisco, a town that once had 23 saloons. Mine President Mark Dotson presented Shurtleff a valuable print of the Horn Silver Smelter in its heyday.

Shurtleff's political fundraiser and soon-to-be chief deputy John Swallow at the time was a lobbyist for Winterfox, LLC, one of the mine's big lenders. It's same Winterfox that had made an illegal contribution to an earlier Swallow campaign for Congress.

The Beaver County Journal reported on the visit that Shurtleff expressed "sincere, strong and genuine interest and support" for Copper King. But Shurtleff's support was not enough to counter the massive securities fraud his tour guide was allegedly helping perpetuate. Within six months the wheels came off. Southworth staged a coup, pushed out and replaced Dotson as president only to soon thereafter file for bankruptcy protection.



Hundreds who had purchased Copper King penny stock lost virtually everything. "That, to me, is a huge number," trustee John Bryan would say of the \$22 million worth of stock that was sold. There were not only big investors around the country but also "moms and pops who took \$5,000 out of their 401Ks, money that is lost," he said.

Instead of protecting investors who were about to lose tens of millions of dollars Shurtleff had provided credibility and moral support for those perpetrating the swindle. The Attorney General's Office also failed to prosecute any of the perpetrators after a Securities and Exchange commission probe into the fraud and issued administrative sanctions against Southworth and Dotson.

Dotson told *PC* that Southworth used his Mormon religion to entice investors into thinking he is a far more honest individual than he is. As Southworth raised money, Dotson says, "He portrayed to the world how righteous he was." "He constantly talked about it and would tell investors things like 'We've prayed about it as a family.'" He said Southworth had "an animalistic magnetism" and could convince someone the moon is made out of cheese while selling them a lot on the moon at the same time."

Southworth claims to have lost everything along with his friends and family. He told *PC* that "Basically I believed in this project. So much so that I invested everything." He blames short sellers for driving down the price of Copper King stock.

Indeed a Logan, Utah couple who ended up losing \$2.7 million said Southworth came to their home to solicit their support to oust Dotson. He apparently assumed they were active LDS and asked to knell in prayer with them. "Marcus came to our home and cried and wanted to pray with us," Sheryl Bessinger said. "My husband not a religious man and I don't pray with strangers." She said he "lied to our face" and it did not take long after that to have it figured out.

John Bryan, the California attorney who guided Copper King Mine/ Western Utah Copper Company through bankruptcy said, "The Bessinger family was among the most egregious victims of Southworth."

Dave Bessinger was asked to invest \$2.7 million and he was promised repeatedly by Southworth personally that this was absolutely the last money the company would need to get to positive cash flow," Bryan said. "He promised they would never need any more money. Southworth promised they would stop raising other money and therefore Bessinger could be confident that no further dilution of the stock would take place. We discovered that the very next day after making these promises and getting Bessinger's money, Southworth was in front of other potential investors raising money and selling stock."

The \$2.7 million stock investment the Bessingers made in Copper King stock is connected to a loan made to Copper King by John Swallow's lobby client, Winterfox LLC. Both were handled by the Centerville, Utah investment firm Strategic Partners. One of the partners, Chad Bessinger, is Dave Bessinger's nephew. Chad steered his uncle Dave to Marcus Southworth and recommended his uncle buy stock. What Dave and Sheryl Bessinger were not told is that their nephew got a large commission for the referral and Southworth took another \$170,000 for himself. Chad Bessinger declined returning phone calls.



Investors holding millions of shares of original Copper King Mining stock lost everything.

Bryan said Southworth and Chad Bessinger's concealment of their fees added to the egregiousness of the interment. "This was totally improper," Bryan says, "and all commissions should have been disclosed to the Bessingers."

Winterfox, LLC

It was also Chad Bessinger's investment company Strategic Partners that had earlier, in 2008, packaged a \$2.2 million loan that included Winterfox, LLC. A bankruptcy record describes the loan package:

Prior to the (Bankruptcy) Petition Date, in connection with the Companies' efforts to raise funds for operations, the Companies entered into a sale-leaseback type transaction with Empire Advisors, LLC ("Empire"), Altus and Strategic Capital Partners, LLC ("Strategic") and Winterfox, L.L.C. ("Winterfox" and collectively with Empire, Altus and Strategic, the "Pre-Petition Buyers") pursuant to which the Companies transferred to the Pre-Petition Buyers certain rolling stock and equipment, certain water rights and certain mined, but unprocessed, ore.

Mark Dotson, who worked with Strategic on the loan, said he was never told George Evan Bybee was behind Winterfox. He said he was only told by Strategic that Winterfox was not their favorite people to deal with "but they had run out of hard money type sources." He said Strategic preferred not to work with what Dotson was told were flaky people "but it was the only place they could get money to keep the mine on track."

But more and more money continued to be needed which led to the sizeable investment the Bessingers made which they were told was the last money needed to get copper, and thus income and return for lenders and investors, coming out of the mill.

The mine, under Southworth, was shut down through the bankruptcy and was not fired up again until last year under new ownership—Clarity Partners in Los Angeles and Empire Advisors of Ohio-- who had sunk an additional \$65 million of new capital into the operation.

The Winterfox loan, unlike money investors put into stock, was secured by some water rights that had been held by Mark Dotson but signed over as collateral to Winterfox. Eventually the new owners needed those rights and a source says Winterfox was able to recoup its entire loan through the water rights ownership transfer.

While John Swallow was Winterfox's registered lobbyist during the duration of its loan to Copper King there is no indication he did any lobbying or legal work in connection with the loan and its recovery. He continues to decline comment.