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MISPLACED FAITH?

A local man, advertising big financial returns for investors, is believed to have collected \$65 million from Plain communities, here and elsewhere. Now, fearing money is gone, a church committee investigates. Few discuss it with 'outsiders.'

By GIL SMART, Associate Editor

The classified advertisement first appeared in 2001 in *Die Botschaft*, a weekly newspaper serving Amish and Old Order Mennonite communities.

"WE PAY 6% on demand notes," the ad read. "7% on 6-month notes, 8% on 3-year notes, 9% on 5-year notes."

The firm offering the "securities" was Conestoga Log Cabin Leasing Inc., of New Holland, run by a Mennonite businessman named John M. Sensenig. And over the course of several years, some 1,500 people responded to the ad, paying some \$65 million to purchase the unsecured promissory notes.

Investors expected big returns.

They may incur huge losses instead.

Plain communities in Lancaster County and elsewhere are reeling as a church-appointed committee tries to untangle a complex financial network involving Conestoga Log Cabin Leasing and at least 15 other companies funded by Sensenig with money raised through the sale of promissory notes to Mennonite and Amish investors.

In a letter sent to investors last October, the committee concluded that "there was very little chance of much return of interest or principal" to the 1,500 investors.

"People have lost homes, farms and businesses," an Amishman said. "It's dramatic, what's happening."

Two Amish investors filed lawsuits, which is extremely rare. But while Amish have been affected, sources say Sensenig's primary investors appear to have been "Wenger" Mennonites, or "team" Mennonites, many in the eastern part of Lancaster County.

Last week they weren't talking. Seven phone messages to Sensenig's home and businesses seeking comment for this story were not returned; neither were two e-mail messages. The three members of the Old Order Investor Advisory Committee that is investigating Sensenig and his companies also did not return a total of five phone messages at their homes and businesses.

The reluctance to discuss the issue with outsiders is not surprising, say experts on Plain culture. The community tends to be very disciplined and cloistered.

"This is a classic example of an Old Order community relying on one another for advice and ideas," said Dr. Steve Nolt, a history professor at Goshen College in Indiana, and author or co-author of nine books on Amish and Mennonite culture. "Here's someone from your community who promises something good, and we know who he is, we know where he lives, we know he's not going to take off for the Bahamas with our money.

"There's a general level of trust," Nolt said. "That can be a real strength. Or a real weakness."



["TYPE=PICT;ALT=" Reproductions of letters to Amish and Old Order Mennonite investors \(PDF\)](#)

People of faith

Many kings of finance ensconce themselves in swanky penthouses with a view of Manhattan or London's financial district.

Sensenig's headquarters, by contrast, might have been lifted from a tourist postcard of rural Lancaster County.

On an icy morning last week, Sensenig's home on Valley View Road in East Earl Township was quiet; no one appeared to be home. At the southern edge of the property, large dogs sat in wire cages. Plans by Sensenig's son to expand a kennel on the property drew protests in 2005 and 2006.

A Plain woman on horseback rode down the lane; about a mile away, near Martindale, a sign in the front yard of a modest home warned that "The wages of sin is death."

Faith looms large in this section of Lancaster County, faith not just in God — but in one another.

Wenger Mennonites are among the fastest-growing Anabaptist communities in the country. Formed more than 80 years ago in the wake of a schism among Old Order Mennonites, they are often called "horse-and-buggy" Mennonites or "team" Mennonites, as they rely upon horse-drawn transportation, though they use steel-wheeled tractors for farming. About a third of all Wengers live in Pennsylvania, their population centered around Martindale.

"Mr. Sensenig is well-known within the Amish/Mennonite community in Pennsylvania and other states, and recognized as an enabler and facilitator of businesses within the community," according to a statement filed with the U.S. Securities and Exchange Commission in 2006 as

Sensenig tried to register a company called Community Pioneers LLC.

"Mr. Sensenig has been an entrepreneur since 1972 and sole proprietor of various businesses relating to public accounting, research and development, manufacturing, sales, and services," according to the filing.

Chief among these firms was Conestoga Log Cabin Leasing.

The company, according to information Sensenig provided to the Old Order Investor Advisory Committee, was founded in 1997. By the early 2000s, it was placing the nine-line ads in Die Botschaft — and, according to the SEC filing, in church bulletins, as well.

At a time when one-year CD rates were well below 5 percent, 7 percent on a six-month note must have seemed enticing.

Investors flocked, and not just those in Lancaster County; Die Botschaft has a circulation in Plain communities elsewhere in the nation, including Indiana and Ohio. There's no breakdown available on how many investors called Lancaster County home.

But by 2005, 1,127 people had invested "just under \$40 million" with Conestoga Log Cabin Leasing, according to Lew Levin, director of the enforcement division of the Pennsylvania Securities Commission. That year, one of Sensenig's investors lodged a complaint with the Securities Commission, which investigated. On June 8, 2005, the commission issued a summary order to cease-and-desist against Conestoga Log Cabin Leasing to "halt the offer and sale of unregistered securities," according to a press release issued by the commission at the time.

Seven months later, Sensenig and the commission reached a settlement: the cease-and-desist order was lifted, but Sensenig and Conestoga Log Cabin Leasing were permanently barred from offering or selling securities in Pennsylvania unless they were registered.

As part of the state settlement, the Pennsylvania Securities Commission directed Sensenig to send, via certified mail, a "rescission" letter to all his investors, offering to repurchase all notes "for a purchase price equal to the unpaid principal balance of the note on the date of this letter, plus 6% simple interest from the date on which you purchased the note," minus interest payments already received.

But before sending those letters, Sensenig sent another missive to his investors, asking them to ignore the certified mail.

A copy of that letter was included in a federal lawsuit filed in 2008 by Leroy L. Fisher, a Ronks Amishman and Sensenig investor. A handwritten message from Sensenig is scrawled at the top of the note: "It is important that you read this letter."

Below, in type, the letter continues:

"Dear Conestoga Log Cabin Leasing, Inc., Investor:

"You will soon be receiving an official looking letter by Certified Mail," Sensenig wrote. "To register, the Security Commission [sic] said we must send that certified letter to you ... [it] will ask that you accept or reject what it says."

Sensenig continued (underlined passages are in the original):

"It is important that you do not accept what the certified letter says. It is important that you reject what it says. ...

"Here is why you should reject what the certified letter says," Sensenig wrote. "If you do not reject what it says then they will shut us down and sell us out at salvage value which would cause you and everybody to loose [sic] a great deal of money.

"If we all work together and reject what the certified letter says then we will be able to register with them and continue business as usual."

At the time, Sensenig was trying to register his new company, Community Pioneers LLC, with the U.S. Securities and Exchange Commission, which would have permitted him to sell additional securities.

Levin said an amazing thing happened after the letters went out. Of the 1,127 investors, only 11 accepted the rescission offer, "for a total of \$157,000 out of almost \$40 million."

"We got no cooperation from anyone in the community," said Levin of the commission's investigation.

Yet after rallying to Sensenig, some investors appeared to have second thoughts.

In February 2008, Fisher's lawsuit was filed in the U.S. District Court for the Eastern District of Pennsylvania by attorney Leonard Brown of the firm Clymer, Musser, Brown & Conrad.

In it, Brown wrote that Fisher, who had worked his entire life as a laborer, never earning more than \$10 an hour, had deposited nearly his entire life's savings with Sensenig; with interest, Fisher's account had grown to \$85,175.75, Brown asserted.

"Mr. Fisher has repeatedly demanded his money from defendants who have refused to provide him with his money," the complaint asserts. Fisher alleged four counts of securities fraud, along with fraudulent inducement to invest, negligent misrepresentation, breach of fiduciary duty, breach of contract, rescission and unfair trade practices.

In the unfair trade practices claim, Fisher requested damages in an amount in excess of \$255,000. In the rescission claim, Fisher sought damages in the amount of \$66,000. In each of the remaining claims, Fisher was seeking damages in an amount in excess of \$85,000.

"What upset Mr. Fisher was that when he asked for his money back, he wasn't given it," Brown said.

Worse, Fisher faced a backlash from the Plain community. "He was inundated with letters, 'Why are you being so mean to Sensenig,' " Brown said.

"It's very sad."

Fisher dropped the case in May 2008. Brown said that just days before a hearing had been scheduled on the matter, Fisher "finally received the money he had invested. Because he was the only plaintiff seeking return of his money, there was no longer a legitimate reason to press forward with the case."

Brown also represented a second investor, Elmer D. Stolfus, an Amishman who filed a "confession of judgment" against Conestoga Log Cabin Leasing Inc. and Sensenig in the Lancaster County Court of Common Pleas in March 2009. A confession of judgment clause — which Brown said was included in the purchase of the notes — permits a creditor to apply to the court for a judgment against a debtor without requiring or permitting the debtor to contest the judgment at that time.

Judgment was entered for a total of \$70,293.33, including principal, interest, fees and costs. Brown said Stolfus has received no money, though the docket doesn't reflect any action taken to collect.

A third investor, Amishman Leroy S. King, filed a suit in the Lancaster County Court of Common Pleas in December 2008.

King's attorney in the case, Steven Grosh, did not return a phone call or e-mails seeking comment; King, reached by telephone, declined to comment on the case. The case is currently inactive; sheriffs apparently couldn't find Sensenig's home to serve the complaint.

In the complaint, King asserts that he also "invested" with Sensenig — \$100,000, "nearly his entire life's savings." King, Grosh wrote, "has repeatedly demanded his money from Defendants per the terms of the Demand Note and Defendant has consistently and unlawfully refused."

At no time, the complaint states, did defendants Sensenig and Conestoga Log Cabin Securities note "that there was any risk whatsoever involved in the purchase of the securities"; and the defendants "fraudulently, egregiously and viciously attempted to intimidate and deter investors from seeking legal counsel" through a variety of means — including statements mailed to investors.

One of King's statements from August 2008, attached to the complaint as an exhibit, includes a short note at the bottom from Sensenig to his investors noting, "We have finished and filed our papers with the SEC" to register his new company, Community Pioneers LLC.

"Until that happens," Sensenig wrote, "please do not make further withdrawals."

Farther down: "Please do not go to the law! Please give us a chance to finish registering."

Registering appeared to be an arduous task. According to SEC filings, Community Pioneers was to act as "a development stage holding company"; Sensenig intended to sell 500,000 shares in the new company and use the money to buy a 99.99 percent stake in a firm called Crumb Rubber Granulator LLC. The move would also "position us to execute our longer term strategy to purchase majority stakes in early-stage operating companies that present innovative products and technologies," according to the SEC Form S-1/A.

Investors "will be generally limited to members of the Amish/Mennonite community," and the company announced its intention "to post written announcements on Amish/Mennonite church newsletters."

One of the company's main goals was "to contribute to the economic development, jobs and social betterment of the Amish/Mennonite communities."

But by late 2008 that goal appeared elusive. In a lengthy missive at the bottom of the investors' November 2008 statement (included in Leroy S. King's complaint), Sensenig lamented the difficulties of registering his new company with the SEC. Filings "are becoming more and more complicated," he complained; fees were "skyrocketing because of the recently added complexities.

"Unregistered private investment groups like ours must either disband or operate unregistered and risk costly disruptive investigations requested by unfriendly persons or as in our case mentally ill persons," Sensenig wrote.

"Large Old Order Amish and Mennonite private investment groups like ours are a relatively new phenomenon," the note continued. "Our churches are only now taking a closer look at this and wondering whether this is conducive to our culture of simplicity and separation. Our churches do not like what they see ...

"Organizations like ours that issue demand and short-term promissory notes need a constant flow of new investments to replace those that are withdrawing. ... In our case this ebb and flow has been disrupted resulting in untold grief and agony."

Finally, Sensenig concluded:

"Taking all this into consideration and following the advice of the churches it was decided to dissolve Conestoga Log Cabin Leasing, Inc. in an orderly manner by keeping the existing cash in the system and using it to complete the remaining unfinished projects until such time that the excess cash can be safely disbursed without causing the remaining projects to be unprofitable. ... Our advice continues to be that you do not go to the law."

No one did.

That frustrated one Amishman who invested with Sensenig, and asked that his name not be used. "I couldn't figure out how he got away with this," said the Amishman. "Why doesn't the [state] attorney general step in there?"

"We don't believe in taking someone to court. But I don't think I'm ever going to get my money back."

Even before Sensenig declared the dissolution of Conestoga Log Cabin Leasing, other investors began to fear for their money, too.

Several approached an "English" acquaintance in eastern Lancaster County, a financial adviser who — like the Amishman — spoke on the condition that he not be named.

"Some had asked for their money back and didn't get it, and word got out," the adviser said.

"It got around to the bishops pretty quick," he said. "They put word out — don't invest any more with Mr. Sensenig. But by that time, it was too late."

The financial adviser is helping a woman in her 80s who has a child with mental retardation; though she invested "only" \$12,000 with Sensenig, it's all she had.

Another Amishman he's trying to help invested \$250,000.

The financial adviser doesn't know how much help he's going to be able to provide. "We should have acted as soon as we saw the first lawsuit," he said. "How are they going to survive? A lot of them will seek help from the church.

"What are they going to do? They're going to forgive him. That's just the way they are."

Committee appointed

Meanwhile, the Old Order Investor Advisory Committee continues to sort through the details.

The Oct. 22 letter — obtained from a Sensenig investor — lists Allen Hoover, Leon B. Martin and Ervin Zimmerman, all of Ephrata, as members of the committee. Phone messages left at each member's home, seeking comment for this story, were not returned; neither was a message left at Martin's business, AB Martin Roofing Supply, of Ephrata.

In its letter, the committee notes that it was appointed by Groffdale Conference Mennonite Church leaders in January 2009.

Sensenig, the members write, "is continuing to work with the committee, even though he cannot at this time be a member of the church."

Sensenig, they added, provided most of the information the committee was able to gather, even though "in the past he [Sensenig] had not been as cooperative and helpful as we had hoped."

According to the letter, the committee determined that Sensenig had funded 15 companies with the \$65 million. "Generally, these companies were all high risk start-up ventures," the committee writes, and "at this time it appears, with a few exceptions, that these companies have not been profitable at all during the last five years and are still losing considerable money."

The Pennsylvania Securities Commission ruling did not cause the companies to become unprofitable, the committee wrote.

The committee noted that Conestoga Log Cabin Leasing "acted essentially like a bank," and loaned out most of the \$65 million that was deposited from the 1,500 individuals.

Most went to the 15 companies, though other funds, they wrote, were loaned to individuals and businesses "connected to those companies." The companies also "lent money back and forth to each other on a regular basis."

"These unprofitable companies," the committee wrote, "could be kept going because of the new money coming in." And after the Pennsylvania Security Commission's 2005 order precluding new "investments" by individuals, "these companies were even further leveraged by adding additional third-party bank and financing company debt."

The problem is that while the committee "is now reviewing how to best liquidate (shut down and/or sell) the companies to get the most value out of them, so as to have the most funds left to return to the 1,500 individuals," many of the assets that could be sold "to pay back to the individuals have been used to secure loans and leases that must be paid back first."

That means there might not be much, if anything, to return to the 1,500 individual investors.

"These nine months have not been easy for us as a committee, or for many of you as investors," the committee wrote. It asked for the community's support and prayers.

Brown, the attorney who filed the federal lawsuit against Sensenig, said: "I hope your story will cause people in the Plain community to think twice before giving their money to someone who promises high rates of return through a promissory note."

One Amishman put it more bluntly:

"If it sounds too good to be true," he said, "it probably is."