

Contact:
Marilyn Scanlan
Bureau Chief
Securities Bureau
(208) 332-8004

NEWS RELEASE

For Immediate Release

March 21, 1997

CALIFORNIA COMPANIES ENJOINED FOR SECURITIES VIOLATIONS

Boise, IdahoGavin Gee, Director of the Idaho Department of Finance, today announced that the Honorable N. Randy Smith, District Judge in the Sixth District Court in Pocatello, entered judgments and permanent injunctions against Z3 Capital Corporation and Stella Bella Corporation. The companies consented to the Court's orders. Z3 Capital Corporation is a Los Angeles, California venture financing company and the holding company of defendant Stella Bella. Stella Bella is a specialty coffee company operating in San Diego, California.

The three-count lawsuit alleged that the defendants made unsolicited telephone "cold calls" to Idaho residents attempting to sell shares of Stella Bella stock. Neither of the defendants was registered to conduct securities business in Idaho nor was Stella Bella stock qualified for sale in Idaho. The complaint alleged that the defendants failed to disclose material information to potential investors including the fact that the State of Wisconsin had issued an order of prohibition against Z3 alleging it had offered and sold unregistered stock of Stella Bella while Z3 was not licensed to do so.

Z3 admitted, and the Court's judgment finds, that Z3 violated the Idaho Securities Act as alleged by the state. The Court also enjoined both Stella Bella and Z3 from further violations of the Idaho securities laws, restricts its future securities activities in Idaho and requires the company to offer to repay all Idaho investors within 30 days.

The Idaho Department of Finance cautions all persons when investing in securities to do so only with licensed securities professionals and only after carefully reviewing disclosure documents.

* * *