

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

NEWS RELEASE

For Immediate Release

May 28, 1996

VIOLATIONS OF SECURITIES LAWS ALLEGED BY STATE

Boise, IdahoGavin M. Gee, Director of the Idaho Department of Finance, today announced the filing of a civil lawsuit in Sixth District Court in Pocatello against Z3 Capital Corporation, Stella Bella Corporation, and Venable Dance, a sales agent of Z3 and Stella Bella. Z3 Capital Corporation is a California venture financing company and the holding company of defendant Stella Bella. Stella Bella is a specialty coffee company. Venable Dance is an executive analyst for Z3.

The three-count lawsuit alleges that the defendants, through defendant Dance, made unsolicited telephone "cold calls" to at least one Idaho resident, attempting to sell the Idahoan shares of Stella Bella stock. None of the defendants are registered to conduct securities business in Idaho nor is Stella Bella stock qualified for sale in Idaho. The defendants are also accused of failing to disclose to potential investors that the State of Wisconsin had issued an order of prohibition against Z3 alleging that it had offered and sold unregistered Stella Bella stock to residents of Wisconsin while Z3 was not licensed to do so.

The Department's lawsuit asks the court to find that there were violations of the Idaho Securities Act and it seeks an injunction from the Court prohibiting further violations by the defendants. The lawsuit also seeks a court order that the defendants repay investors for investments made and restricting other business practices in Idaho.

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

* * *