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CV-97-472
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DUANE SMITH, CLERK
[signature], DEPUTY
Judge: J. WILLIAM HART

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IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT

OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF MINIDOKA

STATE OF IDAHO, Department of Finance, Plaintiff, vs. CAL-PRIDE OSTRICH FARMS, INC., STEVEN DI PRESSI, and BILL EVANS, Defendants.	Civil No. CV-97-00472*D **VERIFIED COMPLAINT** Fee Category: Exempt

Comes now the State of Idaho, Department of Finance, Gavin M. Gee, Director, by and through counsel, to complain and allege as follows:

JURISDICTION

1. This action is brought under the provisions of the Idaho Securities Act, Title 30, Chapter 14, Idaho Code, and in particular Idaho Code §30-1442 wherein the Director of the Idaho

Department of Finance (Department) is empowered to bring actions seeking injunctive and other relief against defendants who have either violated or are about to violate provisions of the Idaho Securities Act or any rule or order thereunder.

VENUE

2. The acts and practices alleged herein comprising violations of law by the above-named Defendants occurred in the conduct of trade and commerce in Minidoka County, and elsewhere in the State of Idaho.

DEFENDANTS

In this Complaint, when reference is made to any act of "Defendant" or "Defendants", such reference shall be deemed to mean that each Defendant acted individually, jointly and severally, and participated, engaged in, directed, and/or aided and abetted in a material way such act unless specifically indicated otherwise.

3. Defendant Cal-Pride Ostrich Farms, Inc. (Cal-Pride), a California corporation, is in the business of facilitating the formation of, and selling interests in, partnerships (purportedly general) named Cal-Pride Ostrich Farms General Partnerships. The partnership interests offered and sold by Cal-Pride are securities under the Idaho Securities Act. Cal-Pride's last known address is 10324 Carroll Lane, Agua Dulce, California 91350.

4. Defendant Steven DiPressi (DiPressi) is the president and chief executive officer of Cal-Pride. DiPressi engaged in offering and selling the partnership interests to residents of Idaho. DiPressi's last known business address is 10324 Carroll Lane, Agua Dulce, California 91350.

5. Defendant Bill Evans (Evans) operated as a salesman for the Cal-Pride partnerships. Evans engaged in offering and selling the partnership interests to residents of Idaho. Evans's last

known business address is 10324 Carroll Lane, Agua Dulce, California 91350.

BACKGROUND

6. At least since July 1996, Defendants have solicited Idaho residents to invest in "general partnerships". The purpose of the partnerships is to acquire, raise and sell ostriches. Solicitations were made orally, through written materials, a video, and through a television "infomercial".

7. Idaho residents became aware of the investment opportunity through an infomercial broadcast in Idaho. The infomercial discussed the positive prospects for the ostrich ranching industry and provided a telephone number for those interested in receiving additional information.

8. Idaho residents who called the telephone number were mailed written materials and a video. According to the written materials received by Idaho residents, each partnership would accept up to 35 investors and would be capitalized with a maximum offering amount ranging from $450,000 to $500,000.

9. After receiving the additional materials Idaho residents were contacted by a Cal-Pride representative who offered to answer questions and facilitate the investment. DiPressi and Evans served as representatives on one or more occasions.

10. Through the written and oral representations, offerees were told to expect profits of up to 400% in the fourth year of partnership operation.

11. Through oral representations and the video, offerees were told that their investment could be passive, that is, that the investor would only have to invest money in order to receive a return, and would not have to participate in the partnership in any significant manner.

12. The partnership interests offered and sold by Defendants are securities in the form of investment contracts.

COUNT ONE

The allegations contained in paragraphs 1 through 12 are hereby realleged as if fully set forth.

13. Beginning on a date uncertain but at least since June 1996 Defendants sold or offered for sale, or caused to be sold, either directly or indirectly, or aided and abetted in the offer or sale of investment contract securities.

14. The securities offered and sold by Defendants were not registered with the Department as required by Idaho Code §30-1416.

15. Defendants have violated Idaho Code §30-1416.

COUNT TWO

The allegations contained in paragraphs 1 through 15 are hereby realleged as if fully set forth.

16. At no time have the Defendants been licensed by the Department of Finance as broker-dealers or salesmen to sell or offer for sale securities as required by Idaho Code §30-1406.

17. Defendants have violated Idaho Code §30-1406.

COUNT THREE

The allegations contained in paragraphs 1 through 17 are hereby realleged as if fully set forth.

18. Defendants offered and sold securities to individuals in violation of an antifraud provision of the Idaho Securities Act, Idaho Code §30-1403(2), in that they omitted to state

material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. The omissions of Defendants include, but are not limited to, the following:

A. Failing to disclose to offerees and/or investors that a Desist and Refrain Order was entered by the State of California on August 2, 1995 against Cal-Pride, Steven DiPressi, and Cal-Pride Ostrich Farms General Partnership, ordering those parties to cease offering or selling the partnership interest securities in violation of the California Corporate Securities Law.

B. Failing to disclose to offerees and/or investors that DiPressi declared a personal Chapter 7 bankruptcy in January, 1988.

C. Failing to disclose to offerees and/or investors financial information regarding Defendants.

D. Failing to disclose to offerees and/or investors Cal-Pride's history of raising, investing and repaying funds through ostrich ranching operatons.

E. Failing to disclose to offerees and/or investors that registration of the investment interests was required under the Idaho Securities Act, and that the interests were not so registered.

F. Failing to disclose to offerees and/or investors that the Defendants were not registered with the Idaho Department of Finance as broker-dealers or salesmen as required under the Idaho Securities Act.

19. Defendants have violated Idaho Code §30-1403(2).

COUNT FOUR

The allegations contained in paragraphs 1 through 19 are hereby realleged as if fully set forth.

20. Defendants offered securities to persons in this state in violation of an antifraud

provision of the Idaho Securities Act, Idaho Code §30-1403(3), in that Defendants engaged in acts, practices, and courses of business which operated as a fraud or deceit upon offerees and investors. The Defendants' acts, practices and courses of business that operated as a fraud include, but are not limited to, the following:

A. The manner, timing, and means used in making the omissions contained in paragraph 18 above.

B. Defendants engaged in a scheme to avoid registration. Specifically, Defendants artificially structured the investments as general partnerships in order to avoid registering the investments as securities. In fact, the partnerships operated as limited partnerships, and investors were not required to participate in management of the partnership in order to anticipate a return.

21. Defendants have violated Idaho Code §30-1403(3).

PRAYER FOR RELIEF

Wherefore, Plaintiff prays for a Judgment in favor of Plaintiff and against Defendants as follows:

A. That Defendants be adjudged to have violated the Idaho Securities Act.

B. That Defendants be permanently enjoined from engaging in any acts, practices or omissions which would constitute violations of the Idaho Securities Act, Title 30, Chapter 14, Idaho Code, or any rule or order thereunder, and in particular, that they be permanently enjoined from:

1. Selling or offering for sale nonexempt securities in any form in the State of Idaho until such time as the securities have been registered with the Idaho Department of Finance in

accordance with Title 30, Chapter 14, Idaho Code;

2. Selling or offering for sale nonexempt securities in any form in the State of Idaho until such time as Defendants have registered as broker-dealers or salesmen for a broker-dealer or issuer with the Idaho Department of Finance, in accordance with Title 30, Chapter 14, Idaho Code;

3. While engaged in or in connection with the offer, sale or purchase of any security:

   (a) Employing any device, scheme or artifice to defraud any investors in the securities;

   (b) Making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;

   (c) Engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

4. Aiding, abetting, counseling, inducing or causing any other person to engage in any of the types of conduct described in paragraphs 1, 2, or 3, above.

C. That Defendants be prohibited from claiming the availability of, using, or offering or selling securities under, any exemption under the Idaho Securities Act without receiving the prior written consent of the Director.

D. That Defendants be ordered to restore to each person in interest any consideration which may have been acquired or transferred in violation of the Idaho Securities Act.

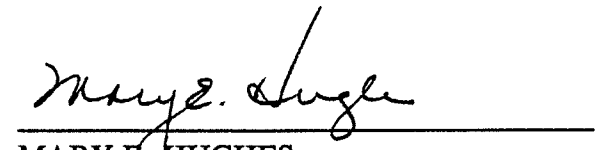
E. That Defendants, and each of them, be ordered to pay a civil penalty to Plaintiff in an amount of $10,000 for each violation of the Idaho Securities Act.

F. That Plaintiff be awarded attorney's fees and costs incurred in the preparation and the prosecution of this action, and if judgment is taken by default herein, that $5,000 is a reasonable

attorney's fee.

G. Such other and further relief as this Court may deem equitable and just.

DATED this 13th day of June, 1997.



MARY E. HUGHES
Deputy Attorney General
Department of Finance

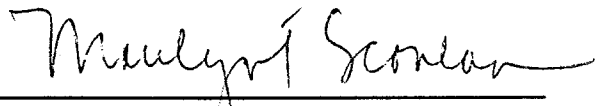
VERIFICATION

STATE OF IDAHO)
) ss:
County of Ada)

Marilyn T. Scanlan, Bureau Chief for the Securities Bureau of the Department of Finance, State of Idaho, being first duly sworn, deposes and says:

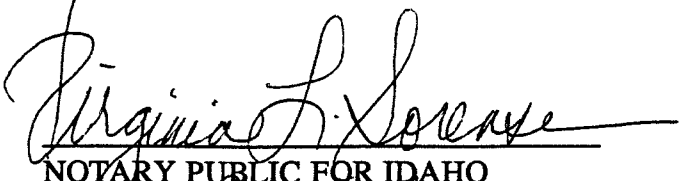
That she has read the foregoing Verified Complaint; that she knows the contents thereof; and that the same are true to the best of her knowledge.

DATED this 17th day of June, 1997.



MARILYN T. SCANLAN

SUBSCRIBED AND SWORN to before me this 17th day of June, 1997.



NOTARY PUBLIC FOR IDAHO
Residing at: Caldwell
My Comm. Exp.: 4/5/2000