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J. DAVID NAVARRO, Clerk
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DEPUTY

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IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT

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

STATE OF IDAHO, Department of Finance, Plaintiff, vs. WARREN P. CHAPMAN, an individual, and CAPITAL ENTERPRISES, INC., an Idaho corporation, Defendants.	Civil No. 97931 JUDGMENT AND PERMANENT INJUNCTION

It appearing to the Court that Defendants WARREN A. CHAPMAN and CAPITAL ENTERPRISES, INC. ("Defendants") have entered into a Stipulation for Judgment and Permanent Injunction which has been filed with the Court, and that the complaint states a cause of action for injunctive relief under the Idaho Securities Act, that the Defendants have neither admitted nor denied the allegations of the complaint, but have consented to the entry of judgment granting a permanent injunction against them and have waived the necessity of findings of fact and conclusions of law with respect thereto; and the Court being fully advised in the premises:

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. Defendants and each of their officers, agents, servants, employees, directors, subsidiaries, successors, affiliates and any other persons in active concert or participation with them, who receive actual notice of the Order, by personal service or otherwise, are permanently enjoined from engaging in any acts, practices or omissions which would constitute violations of title 30, chapter 14, Idaho Code, commonly known as the Idaho Securities Act, and in particular, that they are permanently enjoined from:

A. Selling and offering for sale securities in any form in or from 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;

B. Transacting securities business in or from the State of Idaho until such time as Defendants have registered as broker-dealers or as a salesmen for a broker-dealer or issuer with the Department of Finance, in accordance with title 30, chapter 14, Idaho Code;

C. While engaged in or in connection with the offer, sale or purchase of any security issued by defendants, or any other issuer, making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of circumstances under which they were made, not misleading.

D. Aiding, abetting, counselling, inducing, or causing any other person to engage in any of the types of conduct described in Paragraphs A, B or C, above.

2. Defendants shall not claim the availability of or use any possible exemption, or offer, sell, or purchase securities that are exempt, or securities under any exempt transaction, under the Idaho Securities Act without first obtaining the prior written consent of the plaintiff.

3. Defendants are specifically directed to the analysis in Reves v. Ernst & Young, 494 U.S. 56, 110 S.Ct. 945, 108 L.Ed.2d 47 (1990), described generally in the Stipulation filed herewith, as the proper analysis for determining whether specific "notes" are securities.

DATED this 16th day of February, 1995.

DEBORAH A. BAIL

DEBORAH A. BAIL
District Judge