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FEB 16 1995
J. DAVID NAVARRO, Clerk
By VICTORIA CAULFIELD
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 STIPULATION FOR JUDGMENT AND PERMANENT INJUNCTION

Comes now the Plaintiff, by and through counsel and the Defendants WARREN P. CHAPMAN and CAPITAL ENTERPRISES, INC. ("Defendants"), in order to avoid prolonged litigation, to stipulate and agree as follows:

1. Defendants enter their appearance in this action and submit themselves to the jurisdiction of the above-entitled Court.

2. The Plaintiff has authority to bring this action; this Court has jurisdiction over the subject matter of this action and over the parties hereto; and, the Complaint on file herein states

a cause of action for injunctive relief against the Defendants.

3. The Defendants neither admit nor deny the allegations of the Complaint.

4. The Defendants agree that the Judgment and Permanent Injunction submitted herewith may be entered against them and they hereby consent to its entry by the Court.

5. Said Judgment and Permanent Injunction shall constitute a final resolution of all issues presented in Plaintiff's Complaint, and may be presented to the Court immediately or at any time convenient to the Court, without the necessity of findings of fact or conclusions of law or further pleadings or proceedings in this matter.

6. Defendants agree that they will not, either directly or indirectly, offer, issue or sell any securities on behalf of themselves or others without first complying with the registration requirements of the Idaho Securities Act.

7. The parties agree that Reves v. Ernst & Young, 494 U.S. 56, 110 S.Ct. 945, 108 L.Ed.2d 47 (1990), sets forth the applicable test in determining whether a promissory note issued in return for a loan is a security. The Reves Court sets forth the factors to be considered in making this determination, among which are that "[i]f the seller's purpose is to raise money for the general use of a business enterprise or to finance substantial investments and the buyer is interested primarily in the profit the note is expected to generate, the instrument is likely to be a 'security.'" Further, offering notes to a "broad segment of the public" is all that is necessary to establish the "requisite

'common trading'" to qualify the note as a security. The third factor considered is the "reasonable expectations of the investing public." The Reves Court determined that "by 'profit' in the context of notes, we mean 'a valuable return on an investment,' which undoubtedly includes interest." The final general consideration is whether there is some factor, such as another regulatory scheme, which significantly reduces the risk of the investment.

8. The parties hereto shall bear their own attorney fees and costs of litigation.

Dated this 15th day of February, 1995.

MICHAEL LARSEN
Deputy Attorney General
Counsel for plaintiff

WARREN P. CHAPMAN 1-22,95
Date
Individually

WAYNE KLEIN 2/15/95
Date
Bureau Chief
Securities Bureau
Idaho Department of Finance

CAPITAL ENTERPRISES, INC.

By: Warren P. Chapman
Title: Sec. 1-22-95
Date