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DISTRICT COURT
MAGISTRATE DIVISION
BONNEVILLE COUNTY

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IN THE DISTRICT COURT OF THE SEVENTH JUDICIAL DISTRICT

OF THE STATE OF IDAHO, IN AND FOR BONNEVILLE COUNTY

STATE OF IDAHO, DEPARTMENT OF FINANCE, SECURITIES BUREAU, Plaintiff, vs. COLLABWARE CORPORATION, formerly an Idaho corporation; BARRY L. MOYER, president, chief executive officer and director, and WILLIAM J. INMAN, vice-president and director, as individuals and in their official capacities as officers and directors, Defendants.	Case No. CV-03-3137 **VERIFIED COMPLAINT** Fee category: Exempt

COMES NOW the State of Idaho, Department of Finance, Securities Bureau (Department), Gavin M. Gee, Director, by and through its counsel, A. René Martin, Deputy Attorney General, and upon information and belief complains and alleges as follows:

1.

This action is brought pursuant to the Idaho Securities Act, Title 30, Chapter 14, Idaho Code (the Act), and in particular, Idaho Code § 30-1442, wherein the Director is authorized 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 promulgated thereunder.

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 Bonneville County, Idaho, and elsewhere in the state of Idaho.

DEFENDANTS

3.

CollabWare Corporation (CollabWare or the company) was incorporated in the state of Idaho on or about April 22, 1999. CollabWare was formed to offer and market "collaborative engineering tools" and related services. CollabWare's last known business address was 477 Shoup Avenue, Suite 105, Idaho Falls, Idaho 83402. CollabWare's initial funding in the amount of approximately $800,000 was derived largely from economic development organizations and was completed in November of 1999. CollabWare ceased operations in or about May of 2001, and was administratively dissolved by the Idaho Secretary of State's Office on July 5, 2002.

4.

At all times pertinent hereto, Barry L. Moyer (Moyer) was the president, chief executive officer, and a director of CollabWare. Moyer's last known address was 4448 Mt. Royal Boulevard, Allison Park, Pennsylvania 15101.

5.

At all times pertinent hereto, William J. Inman (Inman) was a vice-president and director of Collabware. Inman's last known address was 4795 E. Cornish Drive, Idaho Falls, Idaho 83406.

6.

During the time period between April 2, 1999 when CollabWare became incorporated, and approximately May 1, 2001, when it ceased operations, various other individuals served as directors of CollabWare but are not named as defendants in this action. One of such other directors was David O. Kingston (Kingston), who served as a CollabWare director from at least July of 2000 until the company ceased operations.

7.

None of CollabWare's officers or directors as referenced in paragraphs 4 through 6 above has ever been licensed with the Department as a broker-dealer or securities salesman. CollabWare has never registered any security with the Department for sale to Idaho residents.

FACTS

8.

Collabware began second round funding through the sale of preferred stock beginning in approximately March of 2000. From March through November of 2000, the Defendants offered and sold securities in the form of preferred stock in CollabWare to Idaho residents and others. In so doing, CollabWare raised approximately $3.8 million from approximately fifty-eight (58) individual investors and from the members of a limited liability company, including many Idaho residents.

9.

On or about May 4, 2001, CollabWare ceased operations due to lack of funds. CollabWare investors lost most or all of their investment in CollabWare stock. Investors' losses in CollabWare stock currently total at least $3,600,211.00.

COUNT ONE: FAILURE TO REGISTER SECURITIES

10.

The allegations set forth in paragraphs 1 through 9 above are fully incorporated herein by this reference.

11.

Beginning on a date uncertain, but at least during the time period from March through November of 2000, the Defendants offered for sale, either directly or indirectly, or aided and abetted in the offer, to Idaho residents and others, through printed offering materials and oral solicitations, shares of CollabWare stock, which constitute securities under the Act.

12.

The securities offered and sold by the Defendants as referenced in paragraph 11 above were not registered with the Department as required by Idaho Code § 30-1416.

13.

The Defendants' failure to register such securities constitutes a violation of Idaho Code § 30-1416.

COUNT TWO: FAILURE TO REGISTER AS BROKER-DEALERS OR SALESMEN

14.

The allegations set forth in paragraphs 1 through 13 above are fully incorporated herein by this reference.

15.

At all times relevant hereto, the Defendants were not registered with the Department as broker-dealers or salesmen to offer for sale securities, as required by Idaho Code § 30-1406. Therefore, the Defendants have either transacted business in the state of Idaho as broker-dealers or salesmen without having been properly registered under the Act, or have acted as broker-dealers or issuers and employed salesmen who were not properly registered under the Act.

16.

The Defendants' failure to register as broker-dealers, issuers or salesmen under the Act, or employing salesmen not registered by the Department under the Act, constitutes a violation of Idaho Code § 30-1406.

COUNT THREE: VIOLATIONS OF THE ANTI-FRAUD PROVISIONS OF THE ACT / OMISSIONS

17.

The allegations set forth in paragraphs 1 through 16 above are fully incorporated herein by this reference.

18.

The Defendants violated Idaho Code § 30-1403(2), an anti-fraud provision of the Act, in that in connection with the offer, sale or purchase of a security, directly or indirectly, they

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

(A) Failing to disclose to offerees and/or investors that the securities offered and sold were not registered with the Department, as required by the Act;

(B) Failing to disclose to offerees and/or investors that the Defendants were not registered with the Department as broker-dealers, issuers or salesmen, as required by the Act, or that they were acting as broker-dealers or issuers and employing salesmen who were not properly registered under the Act.

COUNT FOUR: VIOLATIONS OF THE ANTI-FRAUD PROVISIONS OF THE ACT / MISREPRESENTATIONS

19.

The allegations set forth in paragraphs 1 through 18 above are fully incorporated herein by this reference.

20.

The Defendants violated Idaho Code § 30-1403(2), an anti-fraud provision of the Act, in that they made untrue statements of material fact in connection with the offer and sale of securities in Idaho. The Defendants' misrepresentations include, but are not limited to, the following:

(A) The Defendants' private placement memorandum stated that all funds up to $1.8 million would be placed in escrow, when in fact the Defendants failed to establish such an escrow account and place investment funds therein.

COUNT FIVE: VIOLATIONS OF THE ANTI-FRAUD PROVISIONS OF THE ACT / ACTS, PRACTICES, COURSES OF BUSINESS

21.

The allegations set forth in paragraphs 1 through 20 above are fully incorporated herein by this reference.

22.

The Defendants violated Idaho Code § 30-1403(3), an anti-fraud provision of the Act, in that in the course of offering and selling securities in Idaho, they engaged in acts, practices, and courses of business which operated as a fraud or deceit upon other persons. The Defendants' acts, practices, and courses of business which operated as a fraud or deceit include, but are not limited to, the omissions and misrepresentations referenced in Counts Three and Four above.

PRAYER FOR RELIEF

WHEREFORE, the Department prays for a Judgment against the Defendants as follows:

(1) That Defendants be adjudged to have violated the Idaho Securities Act as alleged in Counts One through Five above;

(2) That Defendants be permanently enjoined from engaging in any acts, practices, courses of business, omissions, and misrepresentations that would constitute violations of the Act, and in particular, that they be permanently enjoined from:

(A) 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 Department in accordance with the requirements of the Act;

(B) Selling or offering for sale nonexempt securities in any form in the state of Idaho until such time as the Defendants have registered with the Department as broker-dealers, issuers, or salesmen for a broker-dealer or issuer, in accordance with the requirements of the Act;

(C) While engaged in or in connection with the offer, sale or purchase of any security:

(1) Employing any device, scheme or artifice to defraud any investors or prospective investors;

(2) 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;

(3) 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 (C)(1), (C)(2), or (C)(3) above.

(3) That the Defendants be prohibited from claiming the availability of, using, or offering or selling securities under any exemption under the Act without first receiving the prior written consent of the Director;

(4) That the 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, and that the court award a money judgment in favor of the Department and against the Defendants in the amount of at least $3,600,211.00, or such amount as determined by the proof, as restitution for the victims of the Defendants' violations of the Act, pursuant to Idaho Code § 30-1442(3)(a);

(5) That the Defendants be ordered to pay a civil penalty to the Department in the amount of $10,000 for each violation of the Act, pursuant to Idaho Code § 30-1442(3)(b);

(6) That the Department be awarded attorney fees and costs incurred in the preparation and prosecution of this action and reimbursement for investigative efforts, pursuant to Idaho Code § 30-1442(3)(c). If judgment is taken by default herein, that $5,000 is a reasonable sum for the same;

(7) For such further relief as the Court may deem equitable and just under the circumstances.

DATED this 16th day of May, 2003.

STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL

A. René Martin

A. RENÉ MARTIN
Deputy Attorney General

VERIFICATION

STATE OF IDAHO)
)ss.
County of Ada)

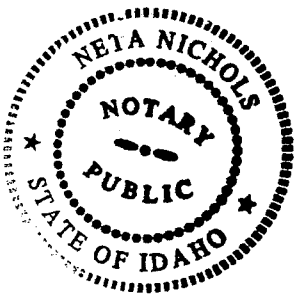
MARILYN T. CHASTAIN, Bureau Chief of the Securities Bureau of the Department of Finance, State of Idaho, being first duly sworn, deposes and says:

I have read the foregoing verified complaint, and know the contents thereof, and the same are true to the best of my knowledge and belief.

DATED this 16th day of May, 2003.

Marilyn T. Chastain
MARILYN T. CHASTAIN

SUBSCRIBED AND SWORN to before me this 16th day of May, 2003.



Neta Nichols
Notary Public for Idaho
Residing at: Boise
My Commission Expires: 10-25-2006