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IN THE DISTRICT COURT OF THE THIRD JUDICIAL DISTRICT

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

STATE OF IDAHO, Department of Finance, Plaintiff, vs. FIRST LENDERS INDEMNITY CORPORATION, a Florida corporation and NICK J. ANDROLEWICZ, an individual, Defendants.	Civil No. CV99-05261 **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

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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 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 Canyon County, and elsewhere in the State of Idaho.

DEFENDANTS

3. Defendant First Lenders Indemnity Corporation ("FLIC") is a Florida corporation whose last known address is 200 S. Orange Ave., Suite 1850, Orlando, Florida 32801. The company also operated from 2955 East Main Street, Suite 110, Irvine, California 92714. James A. Cunningham was president, secretary, treasurer, chief financial officer and director of FLIC.

4. Defendant Nick J. Androlewicz ("Androlewicz") is an individual whose last known address is 9554 Linden, Nampa, Idaho 83687. At all times relevant to this complaint, Androlewicz was not licensed by the Idaho Department of Finance as a securities salesman.

FACTS

5. Boston Acceptance Corporation ("BAC"), formerly First Boston Acceptance Corporation is a Nevada corporation that conducted business from California under the d/b/a First Lenders Indemnity Company. James A. Cunningham was a control person in BAC. BAC is an affiliate of FLIC and engaged in a business substantially similar to FLIC prior to the creation of FLIC.

6. Beginning on a date uncertain, but at least since late 1995, FLIC has promoted and offered to sell securities to investors in Idaho and elsewhere.

7. The securities offered by FLIC are notes.

8. Androlewicz offered and sold FLIC notes to Idaho investors and recruited other Idaho residents to sell the notes on behalf of FLIC.

9. Androlewicz, in connection with the offer or sale of securities, made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made not misleading.

10. Androlewicz raised at least $87,000 from at least four persons in Idaho for investment in FLIC notes.

COUNT ONE

The allegations contained in paragraphs 1 through 10 are hereby realleged as if fully set forth.

11. Beginning on a date uncertain, but at least since late 1995, Defendants offered for sale, either directly or indirectly, or aided and abetted in the offer, to Idaho residents, through printed offering material and oral solicitations, securities in the form of notes.

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

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

COUNT TWO

The allegations contained in paragraphs 1 through 13 are hereby realleged as if fully set forth.

14. At no time pertinent to the period of time alleged herein have any of the Defendants been licensed by the Department of Finance as broker-dealers or salesmen to offer for sale securities as required by Idaho Code §30-1406. Therefore, Defendants have either transacted business in this state as a broker-dealer or salesman without having been registered, or have acted as broker-dealers or issuers, and employed a salesman who was not registered under the Act.

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

COUNT THREE

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

16. Defendants offered and sold securities to individuals in this state 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 the State of Minnesota had issued a Cease and Desist Order against First Lenders Indemnity Company in July 1994.

B. Failing to disclose to offerees and/or investors that the State of Missouri had issued a Cease and Desist Order against Jonathan Boston, CEO, James A. Cunningham, President and First Lenders Indemnity Corporation in February 1994.

C. Failing to disclose to offerees and/or investors that the State of Kansas had issued a Cease and Desist Order against John R. Marsella, a.k.a. Jonathan Boston, James A. Cunningham, First Lenders Indemnity Co., and First Boston Acceptance Corporation in April 1994.

D. Failing to disclose to offerees and/or investors, prior to and at the time of their investments, the existence and details of an investigation by the United States Securities and Exchange Commission into the securities activities of FLIC.

E. Failing to disclose to offerees and/or investors that the FLIC promissory notes offered were not registered in Idaho, as required by the Idaho Securities Act.

F. Failing to disclose to offerees and/or investors that Defendants are not registered as broker-dealers or salesmen in Idaho, as is required by the Idaho Securities Act.

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

COUNT FOUR

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

18. Defendants offered and sold securities to individuals in this state in violation of an antifraud provision of the Idaho Securities Act, Idaho Code §30-1403(2), in that they made untrue statements of material facts in connection with the offer and sale of securities. The misrepresentations of Defendants include, but are not limited to, the following:

A. Representing to offerees and/or investors that the FLIC notes were a safe, no risk investment and suitable for their investment objectives.

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

COUNT FIVE

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

20. In connection with the offer and sale of securities, Androlewicz engaged in acts, practices and courses of business which operated as a deceit upon persons, in violation of Idaho Code §30-1403(3). Those acts, practices and courses of business included unsuitable recommendations to investors, in violation of Rule 118 pursuant to the Idaho Securities Act (IDAPA 12.01.08.118), based on the investors' investment objectives, financial situation and needs.

21. Androlewicz 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 and Rules thereunder.

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, 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 exemptions under the Idaho Securities Act without receiving the prior written consent of the Director.

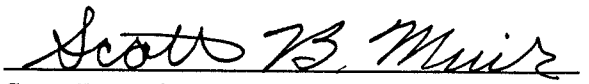
D. That Defendant Androlewicz be ordered to restore to each person in interest any consideration which may have been acquired or transferred in violation of the Idaho Securities Act.

E. That Defendant Androlewicz 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 23rd day of August, 1999.



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