CASE ASSIGNED TO
JUDGE RICHARD T. ST. CLAIR

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Attorneys for Plaintiff

IN THE DISTRICT COURT OF THE SEVENTH JUDICIAL DISTRICT

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

STATE OF IDAHO, DEPARTMENT OF FINANCE, SECURITIES BUREAU, Plaintiff, vs. THOMAS L. GOODRICH, Defendant.	Case No. CV-03-7029 **VERIFIED COMPLAINT** Fee Category: Exempt

The State of Idaho, Department of Finance, Gavin M. Gee, Director, by and through its counsel, complains and alleges as follows, on its information and belief:

I

This action is brought pursuant to the Idaho Securities Act, Title 30, Chapter 14, Idaho Code (hereinafter referred to as 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 the provisions of the Act or any rule promulgated thereunder. Although Defendant currently has a Chapter 7 bankruptcy proceeding pending in the District of Idaho (Bankruptcy Case No. 03-42078), the Director is authorized to commence and pursue this suit against Defendant pursuant to 11 USC § 362 (b) (4).

II

The acts and practices alleged herein comprising violations of law by the Defendant occurred in Bonneville County, and elsewhere in the state of Idaho.

III

Defendant is, and all times relevant hereto was, a resident of Bonneville County, Idaho. Defendant is the managing and sole member of CreditMaster Finance, LLC (hereinafter referred to as "CreditMaster"). CreditMaster is a limited liability company organized under the laws of the state of Idaho, with its principal place of business in Idaho Falls, Idaho.

IV

Defendant has not registered any security issued by CreditMaster with the Department of Finance for sale in or from the State of Idaho.

V

Beginning on a date uncertain, but at least since June of 1997, Defendant offered and sold securities in the form of investment contracts to investors for investment in CreditMaster. Defendant informed investors that their investments in CreditMaster would be managed and directed by Defendant.

VI

The investment contracts Defendant offered and sold to investors involved the assignment of one or more automobile retail installment sales contracts to each investor.

VII

As inducement to investors to enter into the investment contracts with CreditMaster, Defendant represented and promised all investors that they would receive regular monthly payments in the approximate amount of the payments CreditMaster received from the borrowers under the retail installment sale contracts assigned to each investor. As further inducement to enter into the investment contracts with CreditMaster, Defendant represented and promised all investors that in the event the borrower under an installment sale contract did not make his or her required payments, CreditMaster would repurchase the installment sale contract or make those payments to the investors.

VIII

On or about March of 1999, Defendant learned that CreditMaster was having financial difficulties. More specifically, on or about that time, Defendant became aware that CreditMaster had cash flow problems (i.e., CreditMaster's revenues were not sufficient to meet its obligations). Following the time when Defendant had this knowledge, he continued to offer and sell investment contracts with CreditMaster to investors without disclosing CreditMaster's deteriorating financial condition to investors. Subsequent to March of 1999, Defendant knew or should have known that CreditMaster may not be able to perform its obligations on the investment contracts offered and sold to investors after that time.

VIX

Defendant's offering and selling investment contracts with CreditMaster subsequent to March of 1999 while failing to disclose CreditMaster's deteriorating financial condition

constitutes the employment of a device, scheme, or artifice to defraud in connection with the offer or sale of a security, within the meaning of Idaho Code § 30-1403(1).

X

The information pertaining to CreditMaster's deteriorating financial condition after March of 1999 was a material fact that Defendant was obligated to disclose to investors, in order to make other statements Defendant made to investors not misleading under the circumstances, within the meaning of Idaho Code § 30-1403(2).

XI

Defendant's acts, practices, and course of business described above with regard to the offering and sale of investment contracts with CreditMaster subsequent to March of 1999 operated as a fraud or deceit upon those persons, within the meaning of Idaho Code § 30-1403(3).

WHEREFORE, Plaintiff prays for a Judgment against defendant as follows:

(1) That Defendant be adjudged to have violated the Idaho Securities Act;

(2) That Defendant be permanently enjoined from engaging in any acts, practices, courses of business, omissions, and misrepresentations which would constitute violations of the Idaho Securities Act, Title 30, Chapter 14, Idaho Code.

(3) That defendant be permanently enjoined from engaging in the following acts and conduct:

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 or prospective investors;

(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;

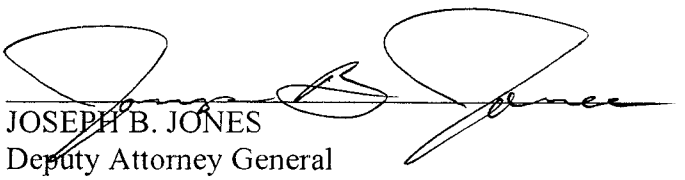
(c) Engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

(4) That defendant be prohibited from claiming the availability of, using, or offering or selling securities under any exemptions under the Act without receiving the prior written consent of the Director.

(5) For such other and further relief as this Court may deem just and equitable.

Dated this 6 day of November, 2003.

STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL



JOSEPH B. JONES
Deputy Attorney General

VERIFICATION

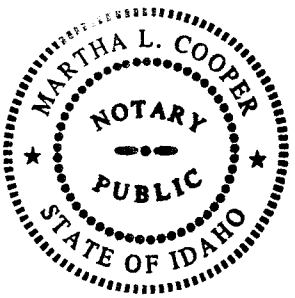
STATE OF IDAHO)
) ss.
County of Ada)

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

That she has read the foregoing verified complaint, that she knows the contents thereof, and that the same are true and correct to the best of her knowledge and belief.

DATED this 6th day of November, 2003.

Marilyn T Chastain
MARILYN T. CHASTAIN

SUBSCRIBED AND SWORN to before me this 6TH day of November, 2003.

Martha L. Cooper
Notary Public for Idaho
Residing at: BOISE, IDAHO
My Commission Expires: 11-26-08