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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. GENE R. BELL, HIGHLAND BELL CORPORATION, a Florida corporation, B.R. CABLE CORP., CASTLE KEY COMMUNICATIONS, INC., a Nevada corporation, Defendants.	Civil No. CV OC 9600473D VERIFIED COMPLAINT Fee Category: Exempt

Comes now the State of Idaho, Department of Finance, Gavin M. Gee, Acting 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 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 Ada County, and elsewhere in the State of Idaho.

DEFENDANTS

In this complaint, when reference is made to any act of "Defendant" or "Defendants", such reference shall be deemed to mean that each Defendant acted individually, jointly and severally, and participated, engaged in, directed, and/or aided and abetted in a material way such act unless specifically indicated otherwise.

3. Defendant Gene R. Bell (Bell), at all times relevant to the complaint, served as the regional director of Highland Bell Corporation (Highland Bell), and as the president of Castle Key Communications, Inc. (Castle Key). Bell, representing Highland Bell, offered and sold unregistered securities in the form of investment contracts, specifically general partnership units and limited liability company units in two wireless cable television offerings. Bell is not currently, nor has he ever been, licensed as a securities salesman in Idaho. His address is 2365 East Highway 33, Rexburg, Idaho 83440.

4. Defendant Highland Bell is a Florida corporation. The address of its national corporate headquarters is 5605 S. University Drive, Davie, Florida 33328; its Idaho branch is located at 310 North Second East, Rexburg, Idaho 83440. Highland Bell is a marketing company for wireless cable television, and other

communication technology, programs. Highland Bell offered and sold to Idaho residents unregistered securities in the form of investment contracts, specifically general partnership units and limited liability company units in two wireless cable television offerings.

5. Defendant B.R. Cable Corp. (B.R. Cable) developed and was the initial managing partner in a limited liability company named Baton Rouge Wireless Cable Television Company (Baton Rouge Wireless Cable). Investment units in Baton Rouge Wireless Cable were offered and sold to Idaho residents through Highland Bell, by Gene Bell. B.R. Cable's last known address is 5850 Oberlin Drive, Suite 203, San Diego, California 92121.

6. Defendant Castle Key is a Nevada corporation, and operated as a wireless cable development company. It was the developer and initial managing partner of a general partnership named Western Communication Technology Partners I (Western Communication). Investment interests in Western Communication were offered and sold to Idaho residents through Highland Bell, by Gene Bell. Castle Key's last known address is 2255-A Renaissance Drive, Las Vegas, Nevada 89119.

BACKGROUND

7. Advertisements promoting the Baton Rouge Wireless Cable investment opportunity were carried on two radio stations located in Pocatello, Idaho. The advertisements provided a Rexburg, Idaho telephone number, which was answered by Gene Bell.

8. Persons interested in investing in the Baton Rouge Wireless Cable program were informed by Gene Bell that they could

make up to 600% on their investment in two years. Gene Bell represented, through solicitation documents and personal contact, that the Baton Rouge Wireless Cable system would compete with the cable television system in Baton Rouge, Louisiana.

9. Investors were asked to invest $14,800 per unit in the Baton Rouge Wireless Cable system. The return on investment was to begin approximately two years after investment. Investments were made beginning on a date uncertain, but at least since November, 1993. No return on investment has been received to date, and the Baton Rouge Wireless Cable offering has closed.

10. After the close of the Baton Rouge Wireless Cable offering, Gene Bell started his own wireless cable development company, named Castle Key Communications, Inc. Highland Bell, through Gene Bell, served as the marketing company contacting Idaho investors. Idaho residents were offered the opportunity to invest in Western Communication, a partnership which was to purchase a half interest in an existing wireless cable company in St. George, Utah.

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 November 1993 Defendants sold or offered for sale, or caused to be sold, either directly or indirectly, or aided and abetted in the offer or sale, to Idaho residents through printed offering material and oral solicitations, investment contract securities in the form of

interests in Baton Rouge Wireless Cable and Western Communication.

12. The investment contract securities offered and sold 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 have any of the Defendants been licensed by the Department of Finance as broker-dealers or salesmen to sell or offer for sale securities as required by Idaho Code §30-1406.

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 made untrue statements of material fact and 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 false statements of Defendants include, but are not limited to, the following:

A. Offerees were informed that they could receive a 600% return on an investment, when in fact there was no reasonable basis for this claim.

B. Offerees were informed that they could double or triple their

investment, when in fact there was no reasonable basis for this claim.

C. Offerees were informed that the wireless cable systems in which they would be investing were similar to, and would be competing with, standard cable television services, when in fact the wireless cable systems offered did not provide the same quantity of channels as the standard services.

D. Offerees were informed that they could be active participants in the companies, when in fact managerial decisions were made by a management committee formed by the developers and promoters.

Omissions of Defendants include, but are not limited to, the following:

E. Failing to disclose to offerees and/or investors that the wireless cable systems in which they were to invest had significantly fewer channels than the standard cable television systems with which they were to compete.

F. Failing to disclose to offerees and/or investors the number of channels the wireless cable system would broadcast to subscribers.

G. Failing to disclose to offerees and/or investors that a commission would be paid to the marketing organization for selling units in the investment.

H. Failing to disclose to offerees and/or investors the identities of the managing members and managing general partners of B.R. Cable, and to disclose that Sidney Walkon,

one of the principals of B.R. Cable, and B.R. Cable were the subjects of a Cease and Desist Order issued by the State of Indiana on November 19, 1993. Walkon and B.R. Cable were ordered to cease and desist from offering and selling unregistered securities through unregistered broker-dealers and agents, and to cease and desist from violating the antifraud provisions of the Indiana Securities Act.

I. Failing to disclose to offerees and/or investors that David Bednarsh, one of the principals of B.R. Cable, was the subject of a Cease and Desist Order issued by the State of Montana on December 2, 1993. The Order alleged violations of the registration and antifraud provisions of the Montana Securities Act.

J. Failing to disclose to offerees and/or investors that the State of Indiana had issued a Cease and Desist Order against Baton Rouge Wireless Cable on December 17, 1993. Baton Rouge Wireless Cable was ordered to cease and desist from offering and selling unregistered securities through unregistered broker-dealers and agents, and to cease and desist from violating the antifraud provisions of the Indiana Securities Act.

K. Failing to disclose to offerees and/or investors that B.R. Cable and Baton Rouge Wireless Cable consented to an Order of Prohibition by the State of Wisconsin on June 24, 1994. It was alleged in the Order that unregistered securities had been offered by an unlicensed agent for an unlicensed broker-dealer.

L. Failing to disclose to offerees and/or investors that registration of the investment interests was required under the Idaho Securities Act, and that the interests were not so registered.

M. Failing to disclose to offerees and/or investors that the Defendants were not registered with the Idaho Department of Finance as broker-dealers or salesmen as required under the Idaho Securities Act.

N. Failing to disclose to offerees and/or investors the manner in which the invested monies would be used. No disclosure was made concerning the amounts of sales commissions or administration fees, or the amount that would be used for development of the business.

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

COUNT FOUR

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

18. Defendants offered securities to persons in this state in violation of an antifraud provision of the Idaho Securities Act, Idaho Code §30-1403(3), in that Defendants engaged in acts, practices, and courses of business which operated as a fraud or deceit upon offerees and investors. The Defendants' acts, practices and courses of business that operated as a fraud include, but are not limited to, the following:

A. The manner, timing, and means used in making the misrepresentations and omissions contained in paragraph 16, above.

B. According to the "Development and Consulting Agreement" included in the subscription package for the B.R. Cable program, the investment was to be a "turnkey" program wherein the developer would build the system and put it into operation with five hundred customers before turning it over to the investors and receiving a development fee. The promoters failed to disclose to the investors that the developer solicited the five hundred original customers by offering them an incentive of thirty to sixty days of free service. When the developers transferred the system to the investors, the original subscribers began to cancel their subscriptions because they were required to start paying for the service.

C. Defendants made unsuitable recommendations to investors to invest in Baton Rouge Wireless Cable and Western Communications. Specifically, the defendants did not have reasonable grounds to believe that the recommendations were not unsuitable for the customers on the basis of information furnished by the customers after reasonable inquiry concerning the customers' investment objectives, financial situations and needs, and any other information known by the Defendants. Unsuitable recommendations are defined as a deceptive or manipulative act or practice under Rule 118 of the rules pursuant to the Idaho Securities Act (IDAPA 12.01.08.118), and operate as a fraud or deceit as defined in Rule 110 (IDAPA 12.01.08.110).

19. Defendants 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 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.

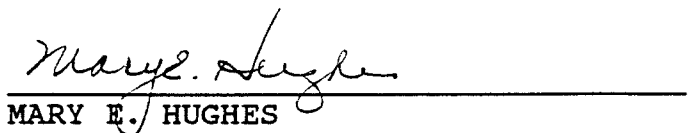
D. That Defendants be ordered to restore to each person in interest any consideration which may have been acquired or transferred in violation of the Idaho Securities Act.

E. That Defendants 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 29th day of January, 1996.



MARY E. HUGHES
Deputy Attorney General
Department of Finance

VERIFICATION

STATE OF IDAHO)
) ss:
County of Ada)

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

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

DATED this 29th day of January, 1996.

Marilyn T. Scanlan
MARILYN T. SCANLAN

SUBSCRIBED AND SWORN to before me this 29th day of January, 1996.

Dolores R. Creed
NOTARY PUBLIC FOR IDAHO
Residing at: Eagle
My Comm. Exp.: 10-22-99