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J. DAVID NAVARRO, Clerk
By DIANE M. OATMAN
DEPUTY

ALAN G. LANCE
ATTORNEY GENERAL
STATE OF IDAHO

MARY E. HUGHES
Deputy Attorney General
State of Idaho
Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031
Telephone: (208) 332-8092
Facsimile: (208) 332-8098

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. KidZtime TV, Inc., Capital Funding & Financial Group, Inc., Tri-State Marketing, Inc., and Diane Puliafico, Defendants.	Civil No. CV OC 9702700D **JUDGMENT AND PERMANENT INJUNCTION**

It appearing to the Court that the Defendants KidZtime TV, Inc., Capital Funding & Financial Group, Inc., Tri-State Marketing, Inc., and Diane Puliafico (Defendants) in their Stipulation for Judgment and Permanent Injunction filed with the Court, and incorporated herein by reference, have admitted the jurisdiction of this Court over the subject matter of this proceeding and over the parties hereto, and that the Verified Complaint states a cause of action

for injunctive relief under the Idaho Securities Act, that the Defendants, without admitting or denying the allegations of the Verified Complaint, have agreed and consented to the entry of judgment granting a permanent injunction against them, and both parties having waived the necessity of findings of fact and conclusions of law with respect thereto, and the Court being fully advised in the premises:

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

1. The Defendants, and any of their officers, agents, servants, employees and any other persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise, are permanently enjoined from engaging in any acts, practices or omissions which would constitute violations of the Idaho Securities Act, and in particular, are permanently enjoined from:

A. Selling or offering for sale nonexempt securities in any form in the State of Idaho until such time as such securities have been registered with the Idaho Department of Finance, in accordance with Title 30, Chapter 14, Idaho Code;

B. Transacting securities business in the State of Idaho until such time as Defendants have become 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;

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,

(2) Making any untrue statement of material fact, or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, and

(3) Engaging in any act, practice or course of business which operates or would

operate as a fraud or deceit upon any person.

D. Aiding, abetting, counseling, inducing or causing any other person to engage in any of the types of conduct described in paragraphs A, B, and C above.

2. The Defendants are prohibited from claiming the availability of, using, or offering to sell securities under, any exemptions under the Idaho Securities Act without receiving the prior written consent of the Director.

3. The Defendants are prohibited from selling or offering for sale investment interests in KidZtime TV or KidZtime TV Affiliates in the State of Idaho or to residents of Idaho, or directing offers of sale of KidZtime TV or KidZtime TV Affiliates into the State of Idaho.

4. The Defendants shall not, by reason of this Judgment and Permanent Injunction, be hereafter prejudiced or disqualified from registration or application and use of exemptions in any further securities transaction, including an offering of KidZtime TV or KidZtime TV Affiliates securities, otherwise effected in full compliance with the Idaho Securities Act, and rules and orders thereunder, and the terms of this Judgment.

5. The Defendants shall, within thirty (30) days of the entry of this Judgment, offer rescission to all persons who were residents of Idaho at the time of an offer or sale of investment interests in KidZtime TV or KidZtime TV Affiliates. The offer of rescission shall be made by way of letter, the contents of which shall be submitted for approval to the Department of Finance prior to its dissemination, and within twenty-one (21) days of the signing of this Judgment. The rescission offer shall not be made until the Department of Finance approves the contents of the letter. All persons who accept the offer of rescission shall be paid pursuant to the terms of the rescission offer.

6. This Judgment and Permanent Injunction shall serve as a final resolution of all

issues presented in Plaintiff's Verified Complaint as to the Defendants.

DATED this 15th day of August, 1997.

G. D. CAREY

GEORGE D. CAREY
District Judge