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NO. _____ FILED
A.M. _____ P.M. _____
JUN 20 1996
J. DAVID NAVARRO, Clerk
By VICTORIA CAULFIELD
DEPUTY

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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. MARVIN GAVIN PURSINGER, and MACHLIN EUGENE SODERQUIST, d.b.a. Brendon Marshall, Ltd., Defendants.	Civil No. CV OC 9603215D VERIFIED 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 seeking

injunctive and other relief against defendants who have either violated or are about to violate provisions of the Idaho Securities Act (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 Marvin Gavin Pursinger (Pursinger) is the sole proprietor of Brendon Marshall, Ltd. (Brendon Marshall), a company which purportedly was to convert cigarette vending machines into music cassette vending machines. Pursinger, through commissioned salespersons, offered and sold securities in the form of promissory notes to Idaho residents, and other persons visiting Idaho. Pursinger's last known address is 11556 S.E. Fuller, Suite 40, Milwaukie, Oregon 97222.

4. Defendant Machlin Eugene Soderquist (Soderquist) operated Brendon Marshall, along with Pursinger. Soderquist, also through commissioned salespersons, offered and sold securities in the form of promissory notes to Idaho residents, and other persons visiting

Idaho. Soderquist's last known address is 11910 N.W. Reeves St., Portland, Oregon 97229.

BACKGROUND

5. In or about August 1993, Pursinger and Soderquist employed commissioned salespersons to contact Idaho residents and introduce them to the Brendon Marshall investment offering. These salespersons contacted at least eight Idaho residents and introduced them to Pursinger and Soderquist for the purpose of making investments. The investments took the form of promissory notes with collateralized guarantees. The notes were signed by Pursinger, and purportedly guaranteed by Soderquist.

6. Pursinger and Soderquist represented to offerees that Brendon Marshall is an Oregon proprietorship actively and successfully engaged in the business of producing and marketing musical recordings. Offerees were informed that Brendon Marshall had access to undiscovered musicians, whose recordings would be sold in cassette form through vending machines.

7. The securities offered and sold by Pursinger and Soderquist were not registered as required by the Idaho Securities Act; Pursinger and Soderquist were not licensed as required by the Idaho Securities Act. In connection with the offer and sale of the securities, Pursinger and Soderquist, directly and indirectly, made untrue statements of material facts and 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.

COUNT ONE

The allegations contained in paragraphs 1 through 7 are hereby

realleged as if fully set forth.

8. Defendants have transacted business in the State of Idaho as broker-dealers or salesmen for a broker-dealer or issuer during a period of time when they were not registered under the Act as required by Idaho Code §30-1406.

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

COUNT TWO

The allegations contained in paragraphs 1 through 9 are hereby realleged as if fully set forth.

10. Defendants have offered and sold securities in the State of Idaho that were not registered under the Act as required by Idaho Code §30-1416.

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

COUNT THREE

The allegations contained in paragraphs 1 through 11 are hereby realleged as if fully set forth.

12. Defendants offered and sold securities to individuals in this State in violation of an antifraud provision of the Act, Idaho Code §30-1403(2), in that they made false statements of material fact and omitted to state material facts which, in the light of circumstances under which they were made, were necessary to make other statements not misleading.

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

A. The Defendants misrepresented to offerees and/or investors that Brendon Marshall, Ltd. was going to go public in 90 days when there was no reasonable basis for this claim.

B. The Defendants misrepresented to offerees and/or investors that the promissory notes would pay back a specific amount on a specific date when there was no reasonable basis for this claim.

C. The Defendants misrepresented to offerees and/or investors that the notes would be guaranteed by collateral when there was no reasonable basis for this claim.

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

D. Failing to advise offerees and/or investors that investment proceeds would be used to fund the personal expenses of the Defendants.

E. Failing to advise offerees and/or investors that the Defendants were subject to previous civil and criminal actions.

F. Failing to advise offerees and/or investors that neither Pursinger nor his businesses were financially viable, and that the investment guarantees made to investors were not backed by significant financial assets.

G. Failing to advise offerees and/or investors that commissions would be paid to sales people for soliciting investments in Brendon Marshall.

H. Failing to disclose to offerees and/or investors that Defendants were not registered with the Idaho Department of Finance as broker-dealers or salesmen for a broker-dealer or issuer as required by Idaho Code §30-1406.

I. Failing to disclose to offerees and/or investors that the

securities offered and sold were not registered under the Act as required by Idaho Code §30-1416.

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

COUNT FOUR

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

14. Defendants offered securities to persons in this State in violation of an antifraud provision of the 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. Offering and selling securities through a pattern of misrepresentations and omissions, as described in paragraph 12.

15. 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.

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. Transacting securities business 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;

2. 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;

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 exemption 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

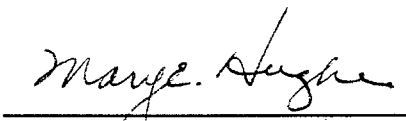
transferred in violation of the Idaho Securities Act.

E. That each Defendant 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 20th day of June, 1996.



MARY E. HUGHES
Deputy Attorney General
Department of Finance

VERIFICATION

STATE OF IDAHO)
) ss:
County of Ada)

MARILYN T. SCANLAN, Bureau Chief for the Securities Bureau of the Department of Finance, State of Idaho, 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

DATED this 20TH day of June, 1996.

Marilyn T. Scanlan

Marilyn T. Scanlan

SUBSCRIBED AND SWORN to before me this 20th day of June, 1996.

Virginia L. Sorensen

NOTARY PUBLIC FOR IDAHO
Residing at: Caldwell
My Comm. Exp.: 4/5/00