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Deputy

LAWRENCE G. WASDEN
Attorney General

A. RENÉ MARTIN, ISB #3188
Deputy Attorney General
State of Idaho
Department of Finance
700 West State Street – 2nd Floor
P.O. Box 83720
Boise, Idaho 83720-0031
Telephone: (208) 332-8092
Facsimile: (208) 332-8099

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT

OF THE STATE OF IDAHO, IN AND FOR ADA COUNTY

STATE OF IDAHO, DEPARTMENT OF FINANCE, SECURITIES BUREAU, Plaintiff, vs. SALT LAKE CITY WIRELESS, LLC, aka SALT LAKE WIRELESS, LLC, an administratively dissolved Idaho limited liability company, and STEVEN WAYNE OLSON, as managing member and as an individual, Defendants.	Case No. CV DC 0409426D **VERIFIED COMPLAINT**

COMES NOW the State of Idaho, Department of Finance, Securities Bureau, Gavin M. Gee, Director (Department), by and through its counsel, A. René Martin, Deputy Attorney General, and complains and alleges as follows:

1.

This action is brought pursuant to the Idaho Securities Act, Idaho Code § 30-1401 *et seq.* (the Act), and in particular Idaho Code § 30-1442, wherein the Department is authorized to bring actions seeking injunctive and other relief against persons who have either violated or are about to violate provisions of the Act or any rule promulgated thereunder.

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, Idaho, and elsewhere in the state of Idaho.

DEFENDANTS

3.

At all times relevant hereto, Defendant Steven Wayne Olson (Olson) was an Idaho resident. Olson is married to Melanie Olson. The last known residence address for Steven Wayne Olson and Melanie Olson is 5394 N. Liverpool Avenue, Boise, Idaho. Olson has never been registered with the Department as a securities broker-dealer or securities salesman.

4.

Salt Lake City Wireless, LLC, also known as Salt Lake Wireless, LLC, was an Idaho limited liability company registered with the Idaho Secretary of State on January 9, 2001. Olson was Salt Lake City Wireless, LLC's managing member. The last known address for Salt Lake City Wireless, LLC was 7154 W. State Street, Suite 111, Boise, Idaho 83703. Salt Lake City

Wireless, LLC has never been registered with the Department as a security. It was administratively dissolved by the Idaho Secretary of State's Office on April 10, 2002.

GENERAL ALLEGATIONS

5.

Sometime during the 1990's, Olson became acquainted with promoters in California, including an individual named Jerry Foreman. The California promoters provided Olson with information concerning how to start and finance small businesses. They also provided Olson with documents for use in financing small businesses, and with referrals of potential investors in new business ventures.

6.

Olson's first attempt at running a small business, using information obtained from the California promoters, was a glass recycling business in the Boise area. Olson's glass recycling business was closed due to financial failure.

7.

In April of 2000, Olson started a sole proprietorship known as ABC Wireless to engage in the business of selling cell phones and cell phone service. Shortly thereafter, Olson opened three other cell phone stores in Boise and Nampa, Idaho. Around this time Olson changed the name of his cell phone company to Wireless Universe. Olson experienced numerous financial losses in running his cell phone company, and closed the Boise and Nampa stores after a few months.

8.

Olson's purported goal for Salt Lake City Wireless, LLC was to open at least three cell phone stores in Utah, with the hope of taking advantage of business generated by the 2002 Winter Olympic Games held in Salt Lake City, Utah. In accordance with this goal, in approximately the spring of 2000, Olson opened one cell phone store in Salt Lake City, Utah. However, after the Salt Lake City store experienced significant financial losses, Olson closed it after approximately six months.

9.

At least by April of 2001, Olson began implementing a program for raising capital for his cell phone business by seeking funds from investors. Olson's program contemplated selling thirty-five (35) membership interests in Salt Lake City Wireless, LLC to investors, at $15,000 each, to raise a total of $525,000. Olson referred to the membership interests in Salt Lake City Wireless, LLC as "units." The thirty-five (35) memberships interests, or units, were to reflect a 60% ownership interest in Salt Lake City Wireless, LLC, with the remaining 40% of the company to be owned by Olson. The membership interests in Salt Lake City Wireless, LLC offered and sold by Olson constituted a security in the form of an investment contract under the Act.

10.

In or around April of 2001, Investor B.B., who resides in Medford, Oregon, received an unsolicited telephone call from a California promoter. The promoter told Investor B.B. about Salt Lake City Wireless, LLC and Olson's plans to open cellular phone stores. Investor B.B.

later received by mail a proposal from or on behalf of Olson to invest in membership interests in Salt Lake City Wireless, LLC.

11.

Investor B.B. set up an appointment to meet with Olson in Boise. Investor B.B. and his wife drove to Boise in April of 2001 to meet with Olson to discuss an investment in Salt Lake City Wireless, LLC. Olson showed Investor B.B. and his wife some cell phone stores in the Boise area, and told them of his plans to open new stores in Salt Lake City in time for the 2002 Winter Olympics. Olson told Investor B.B. and his wife that if they invested in Salt Lake City Wireless, LLC, their investment monies would be used to develop his cell phone business, and for inventory and operating expenses of the business. Olson showed Investor B.B. and his wife various documents to explain how their investment monies would be used and the returns they could expect. Olson told them that if they invested in his program they would receive a percentage of the profits and would receive their principal back in one year.

12.

Based on Olson's representations, on or about April 16, 2001, Investor B.B. gave Olson a check in the amount of $15,000 as an investment in a membership interest in Salt Lake City Wireless, LLC. Investor B.B. never received any return on his investment in Salt Lake City Wireless, LLC, nor the return of his principal investment.

13.

In or about the latter part of April, 2001, Investor M.M., a resident of Copalis Beach, Washington, received several telephone calls from a promoter identifying himself as Tom Riley.

Mr. Riley told Investor M.M. that he could invest in Salt Lake City Wireless, LLC by purchasing interests in that company at $15,000 per unit and would receive a good return on such investment. Based on that information, on or about May 2, 2001, Investor M.M. traveled to Boise to meet with Olson to discuss investing in Salt Lake City Wireless, LLC. Olson paid Investor M.M.'s travel expenses, explained details of Salt Lake City Wireless, LLC's business plan to Investor M.M., and showed him documents concerning the business. Olson explained to Investor M.M. the details of an investment in Salt Lake City Wireless, LLC, representing that by investing in Salt Lake City Wireless, LLC, Investor M.M. would get a good return in addition to the return of his principal.

14.

Based on Olson's representations, on May 2, 2001 Investor M.M. gave Olson a check for $30,000 to invest in two membership interests in Salt Lake City Wireless, LLC. On May 3, 2001, Olson deposited Investor M.M.'s check in Salt Lake City Wireless, LLC's operating account. On May 5, 2001, Olson used a portion of Investor M.M.'s investment funds to purchase a personal vehicle. Investor M.M. has never received any return on his investment in Salt Lake City Wireless, LLC, nor the return of any of his principal investment.

15.

Olson also solicited and received funds from other investors who purchased membership interests in Salt Lake City Wireless, LLC. Those investors include Investor R.S. of Winston-Salem, North Carolina, who gave Olson a check in the amount of $15,000 on or about January 25, 2001, and Investor R.B., of Nampa, Idaho, who gave Olson a check in the amount of $15,000

on or about August 13, 2001. Other individuals or entities not yet known to the Plaintiff may also have given funds to Olson to purchase membership interests in Salt Lake City Wireless, LLC.

16.

Olson raised a total of at least $75,000 from at least four investors who purchased membership interests in Salt Lake City Wireless, LLC.

COUNT ONE: FAILURE TO REGISTER SECURITY

17.

The allegations set forth in paragraphs 1 through 16 above are fully incorporated herein by this reference.

18.

Idaho Code § 30-1416 provides that it is unlawful for any person to sell or to offer to sell any nonexempt security in Idaho unless such security is registered under the Idaho Securities Act.

19.

Olson's actions in soliciting or selling membership interests in Salt Lake City Wireless, LLC to Investors B.B., M.M., R.S., R.B., and other investors as yet unknown to the Plaintiff, constituted offering or selling, directly or indirectly, or aiding and abetting in the offer or sale, of securities in or from the state of Idaho. Such securities were not registered with the Department.

20.

Olson's offer or sale of unregistered securities constituted a violation of Idaho Code § 30-1416.

21.

Defendant Salt Lake City Wireless is liable for the acts of its agent/manager Olson and therefore has also violated Idaho Code § 30-1416. Each act of selling an unregistered security constitutes a separate violation as to each Defendant.

COUNT TWO: FAILURE TO REGISTER AS BROKER DEALERS OR SALESMEN

22.

The allegations set forth in paragraphs 1 through 21 above are fully incorporated herein by this reference.

23.

Idaho Code § 30-1406 provides that it is unlawful for any person to transact business in Idaho as a securities broker-dealer or salesman unless he is registered under the Act, and it is unlawful for any broker-dealer or issuer to employ a securities salesman unless the salesman is registered under the Act.

24.

Olson was not registered with the Department as a broker-dealer or salesman to offer for sale securities, as required by Idaho Code § 30-1406. Therefore, Olson, by offering or selling securities in the form of membership interests in Salt Lake City Wireless, LLC in or from Idaho,

has either transacted business as a broker-dealer or salesman without having been properly registered under the Act, or has acted as a broker-dealer or issuer and employed salesmen who were not properly registered under the Act, in violation of Idaho Code § 30-1406.

COUNT THREE: SECURITIES FRAUD / MISREPRESENTATIONS

25.

The allegations set forth in paragraphs 1 through 24 above are fully incorporated herein by this reference.

26.

Idaho Code § 30-1403(2) provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or to omit 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.

27.

Olson violated Idaho Code § 30-1403(2) in that he made untrue statements of material fact in connection with the offer, sale or purchase of a membership interest in Salt Lake City Wireless, LLC, a security in the form of an investment contract, in or from Idaho. Olson's misrepresentations of material fact included, but were not limited to, the following:

(A) Prior to Investor M.M.'s purchase of a membership interest in Salt Lake City Wireless, LLC, Olson told Investor M.M. that his investment monies would be used for the purchase and operation of cell phone stores in Sale Lake City, Utah. A review of Salt Lake City Wireless, LLC's operating account shows that on May

3, 2001, Olson deposited Investor M.M.'s $30,000 in investment funds into such account, and on May 4, 2001, Olson withdrew from that same account $23,718.58 to purchase a personal automobile.

(B) Prior to Investor M.M.'s purchase of a membership interest in Salt Lake City Wireless, LLC, Olson represented to Investor M.M. that he would receive periodic financial statements and monthly account statements concerning the business. In fact, Investor M.M. never received such statements.

(C) Prior to Investors M.M. and B.B.'s purchases of membership interests in Salt Lake City Wireless, LLC, Olson represented to such investors that he would be opening additional stores in Salt Lake City, Utah in time for the 2002 Winter Olympic Games. Olson did not open such stores.

(D) Olson represented in writing to Investor B.B. and possibly other investors that they could make a 460% return on their investments in Salt Lake City Wireless, LLC. Olson had no reasonable basis or operating history of such company upon which to make this representation.

(E) Olson represented to Investor B.B., prior to his purchase of a membership interest in Salt Lake City Wireless, LLC, that Investor B.B. would receive both his share of the profits and principal investment within one year. Olson had no reasonable basis upon which to make such representation, particularly because he had no prior experience owning and operating a cell phone business and no operating

history of Salt Lake City Wireless, LLC upon which to base such representation. Investor B.B. received no return on the investment, nor return of his principal.

28.

Defendant Salt Lake City Wireless is liable for the acts of its agent/manager Olson and therefore has also violated Idaho Code § 30-1403(2). Each act of misrepresenting a material fact in connection with the offer, sale or purchase of a security constitutes a separate violation of Idaho Code § 30-1403(2) as to each Defendant.

COUNT FOUR: SECURITIES FRAUD / OMISSIONS

29.

The allegations set forth in paragraphs 1 through 28 above are fully incorporated herein by this reference.

30.

Idaho Code § 30-1403(2) provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or to omit 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.

31.

Olson violated Idaho Code § 30-1403(2), an antifraud provision of the Act, in that in connection with the offer, sale or purchase of a membership interest in Salt Lake City Wireless, LLC, a security in the form of an investment contract, in or from Idaho, he 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. Olson's omissions of material facts included, but were not limited, to the following:

(A) Olson failed to disclose to investors that he had previously operated a glass recycling business that had failed.

(B) Olson failed to disclose to investors that a state tax lien had been recorded in Ada County against him and his wife on or about April 1, 1997.

(C) Olson failed to disclose to Investor R.B. that on June 18, 2001, a federal tax lien was recorded in Ada County by the IRS against Olson and his wife.

(D) Olson failed to disclose to investors that a portion of their investment monies would be used for Olson's personal expenses, including trips to Las Vegas and Reno, Nevada, the purchase of vehicles, including a 2000 Chevrolet pickup and a 1991 BMW, and other personal expenses.

(E) Olson failed to disclose to investors any risk factors associated with an investment in a startup cell phone company, including market risk, experience of the management, and the competition for such business.

(F) Olson failed to provide investors with any financial disclosure documents relating to the Salt Lake City Wireless, LLC investment program.

(G) Olson failed to disclose to investors that the Salt Lake City Wireless, LLC investment program was not registered with the Department as required by the Idaho Securities Act.

(H) Olson failed to disclose to investors that he was not licensed to sell securities as required by the Idaho Securities Act.

32.

Defendant Salt Lake City Wireless is liable for the acts of its agent/manager Olson and therefore has also violated Idaho Code § 30-1403(2). Each act of omitting a material fact in connection with the offer, sale or purchase of a security constitutes a separate violation of Idaho Code § 30-1403(2) as to each Defendant.

COUNT FIVE: SECURITIES FRAUD / ACTS PRACTICES, COURSES OF BUSINESS

33.

The allegations set forth in paragraphs 1 through 32 above are fully incorporated herein by this reference.

34.

Idaho Code § 30-1403(3) provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly, to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

35.

Olson violated Idaho Code § 26-1403(3), in that in the course of offering and selling securities in Idaho, he engaged in acts, practices, and courses of business that operated as a fraud or deceit upon other persons. Olson's acts, practices, and course of business which operated as a

fraud or deceit include, but are not limited to, the misrepresentations and omissions referenced in Counts Three and Four above.

36.

Defendant Salt Lake City Wireless is liable for the acts of its agent/manager Olson and therefore has also violated Idaho Code § 30-1403(3).

PRAYER FOR RELIEF

WHEREFORE, the Department prays that the Court enter Judgment against the Defendants as follows:

(1) That the Defendants be adjudged to have violated the Idaho Securities Act as alleged in Counts One through Five above;

(2) That the Defendants be permanently enjoined from engaging in any acts, practices, courses of business, omissions and misrepresentations that would constitute violations of the Act, and in particular, that they be permanently enjoined from:

(A) Selling or offering for sale nonexempt securities in any form in or from the state of Idaho until such time as the securities have been registered with the Department in accordance with the Act;

(B) Selling or offering for sale nonexempt securities in any form in the state of Idaho until such time as the Defendants have registered with the Department as broker-dealers or salesmen for a broker-dealer or issuer in accordance with the Act;

(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 any investors or prospective investors;

(2) 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 were made, not misleading;

(3) Engaging in any act, practice or course of business that 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 (C)(1), (C)(2), or (C)(3) above.

(3) That the Defendants be prohibited from claiming the availability of, using, or offering or selling securities, or aiding or abetting in such offer or sale, under any exemptions under the Act without receiving the prior written consent of the Director;

(4) That the 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, and that the Court award the Department a money judgment in the amount of at least $75,000, or such amount as determined at trial, as restitution for the victims of the Defendants' violations of the Act, pursuant to Idaho Code § 30-1442(3)(a);

(5) That the Defendants be ordered to pay a civil penalty to the Department in the amount of $10,000 for each violation of the Act, pursuant to Idaho Code § 30-1442(3)(b);

(6) That the Department be awarded attorney fees and costs incurred in the preparation and prosecution of this action and reimbursement for investigative efforts, pursuant to Idaho Code § 30-1442(3)(c). If judgment is taken by default herein, that $5,000 is a reasonable sum for the same;

(7) For the appointment of a receiver for the Defendants' assets, pursuant to Idaho Code § 30-1442(3); and

(8) For such further relief as this Court may deem equitable and just under the circumstances.

DATED this 2nd day of December, 2004.

STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL

A. René Martin

A. RENÉ MARTIN
Deputy Attorney General

VERIFICATION

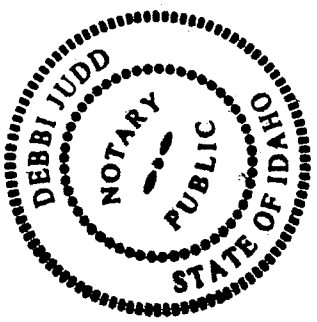
STATE OF IDAHO)
)ss.
County of Ada)

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

I have read the foregoing Verified Complaint and know the contents thereof, and the same are true to the best of my knowledge and belief.

DATED this 24th day of November, 2004.

Marilyn T. Chastain
MARILYN T. CHASTAIN

SUBSCRIBED AND SWORN to before me this 24th day of November, 2004.

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Notary Public for Idaho
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