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SEP 29 1999
J. DAVID NAVARRO, Clerk
By KIM LEDDA
DEPUTY

**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,<br><br>Plaintiff,<br><br>vs.<br><br>ELIE MICHAEL SAKARAN, an individual, and PACIFIC RIM CAPITAL, INC., a Delaware corporation,<br><br>Defendants. | Civil No. CV OC 9905241D<br><br>**VERIFIED COMPLAINT**<br><br>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 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

3. Defendant Elie Michael Sakaran ("Sakaran") is an individual whose last known business address is 1110 E. Green St., Suite 402, Pasadena, CA 91106 and last known residence address is 220 Callecordia, Sandimas, CA 91773. At all times relevant to this complaint, Sakaran was not licensed by the Idaho Department of Finance as a securities salesman. At all times relevant to this complaint, Sakaran was acting individually and as an agent for Pacific Rim Capital, Inc.

4. Defendant Pacific Rim Capital, Inc. ("Pacific Rim") is a Delaware corporation whose last known address is 3233 Donald Douglas Loop S #D, Santa Monica, CA 90405. The president and sole shareholder of Pacific Rim is Regis Possino. At all times relevant to this complaint, Pacific Rim was not licensed by the Idaho Department of Finance as a broker-dealer.

## FACTS

5. During March 1998, Sakaran, on behalf of Pacific Rim, solicited Idaho residents to invest in securities in the form of publicly traded stock of Conectisys Corp. ("CNES"). Sakaran indicated that he could make shares of CNES available at a discount to the then public market price and that the shares were an attractive investment. Three

Idaho residents invested in CNES and wrote a single check in the amount of $100,000 to Pacific Rim Capital, Inc.

6. After the initial investment, the Idaho residents were again solicited by Sakaran, on behalf of Pacific Rim, to invest in securities in the form of stock in CNES and also stock in Uniforms for America, another publicly traded company. Two of the previous Idaho residents invested and wrote two checks in the amounts of $140,000 and $30,000 to Pacific Rim Capital, Inc.

7. There were delays in the delivery of the purchased shares of CNES stock, during which time the market value of the securities declined precipitously. The Idaho investors were led to believe that the Uniforms for America stock was freely tradable, in no way restricted from transfer, and could be immediately sold.

**COUNT ONE**

The allegations contained in paragraphs 1 through 7 are hereby realleged as if fully set forth.

8. At no time has Defendant Sakaran been licensed by the Department of Finance as a salesmen to offer for sale securities as required by Idaho Code §30-1406.

9. Defendant Sakaran has violated Idaho Code §30-1406.

**COUNT TWO**

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

10. At no time has Defendant Pacific Rim been licensed by the Department of Finance as a broker-dealer to engage in the business of effecting transactions in securities for the account of others as required by Idaho Code §30-1406.

11. Defendant Pacific Rim has violated Idaho Code §30-1406.

**COUNT THREE**

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

12. Defendant Sakaran, on behalf of Defendant Pacific Rim, 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 he 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 omissions of Defendant Sakaran include, but are not limited to, the following:

A. Failing to disclose to offerees and/or investors that Conectisys and others were the subject of a federal injunctive proceeding alleging a) the illegal distribution of unregistered securities, and b) a fraudulent and manipulative trading scheme associated with the distribution and sale of the unregistered shares. This case was filed on March 5, 1997 and on August 21, 1997, the Court issued findings that the defendants engaged in fraud and the distribution of unregistered securities.

B. Failing to disclose to offerees and/or investors that the shares being offered for sale were controlled by Regis Possino and Pacific Rim Capital, Inc.

C. Failing to disclose to offerees and/or investors that the shares being offered were subject to potential restrictions on transfer and might not be readily marketable as represented.

D. Failing to disclose to offerees and/or investors that Pacific Rim Capital, Inc. was not his (Sakaran's) company.

E. Failing to disclose to offerees and/or investors that neither he nor Pacific Rim Capital, Inc. were registered to conduct securities business as a broker-dealer or securities salesperson in Idaho.

F. Failing to disclose to offerees and/or investors that Regis Possino, President of Pacific Rim Capital, Inc., also acted as "Attorney in Fact" for Uniforms for America.

G. Failing to disclose to offerees and/or investors that Regis Possino, President of Pacific Rim Capital, Inc., exercised control over the transferability of Conectisys Corp. shares sold through his firm.

H. Failing to disclose to offerees and/or investors that Regis Possino, President of Pacific Rim Capital, Inc., controlled at least one Uniforms for America bank account.

I. Failing to disclose to offerees and/or investors that Regis Possino, President of Pacific Rim Capital, Inc., controlled certain aspects of Uniforms for America's securities dealings.

J. Failing to disclose to offerees and/or investors that the Uniforms for America shares purchased were shares that had been originally distributed offshore and that these shares had not been registered for sale and were subject to certain restrictions when resold and distributed in the U.S. markets.

K. Failing to disclose to offerees and/or investors of his relationship with Pacific Rim Capital, Inc. and Regis Possino.

L. Failing to disclose to offerees and/or investors of the nature and types of compensation that he might receive in connection with his securities sales activities on behalf of Pacific Rim Capital, Inc.

M. Failing to disclose to offerees and/or investors of the nature and extent of his personal holdings of Uniforms for America and Conectisys shares.

N. Failing to disclose to offerees and/or investors of the nature and extent of the relationships between Regis Possino, Pacific Rim Capital, Inc., Pacific Trade Services, Ltd., and Mandarin Overseas Investment Co. Ltd.

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

**COUNT FOUR**

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

14. Defendant Sakaran, on behalf of Defendant Pacific Rim, 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 he made untrue statements of material facts in connection with the offer and sale of securities. The misrepresentations of Defendant Sakaran include, but are not limited to, the following:

A. Representing to offerees and/or investors that the Uniforms for America shares sold to the Idaho residents could be readily remarketed in the United States.

B. Representing to offerees and/or investors that the Conectisys shares sold to the Idaho residents could be readily remarketed in the United States.

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

## COUNT FIVE

The allegations contained in paragraph 1 through 15 are hereby realleged as if fully set forth.

16. Defendant Sakaran, on behalf of Defendant Pacific Rim, offered and sold securities to persons in the state of Idaho 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. The Defendants' acts, practices and courses of business which operated as a fraud or deceit include, but are not limited to, the following:

A. The pattern of misrepresentations and omissions referred to in counts three and four, above. Misrepresentations and omissions of material fact constitute a deceptive and manipulative practice, and hence, a practice which operates as a deceit upon persons, as defined in Rules 110 and 111.02 of the rules pursuant to the Idaho Securities Act (IDAPA 12.01.080110; 111.02).

17. 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 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;
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.

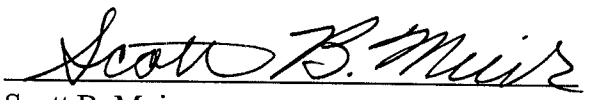
D. That Defendants be ordered to restore to each person in interest any consideration which may have been acquired or transferred in violation of the Idaho Securities Act.

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 September, 1999.



Scott B. Muir
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:

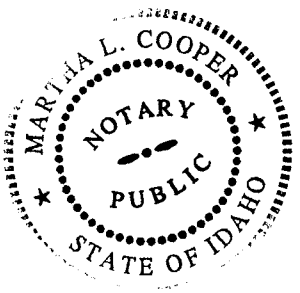
That she has read the foregoing verified complaint; that she knows the contents thereof, and that the same are true to the best of her knowledge.

DATED this 29th day of September, 1999.

Marilyn T. Scanlan

MARILYN T. SCANLAN

SUBSCRIBED AND SWORN to before me this 29TH day of September, 1999.




Martha L. Cooper

NOTARY PUBLIC FOR IDAHO
Residing at: Boise, ID
My Commission expires: 11-26-02