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J. DAVID NAVARRO, Clerk
By JENNIFER DOWNING
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, Plaintiff, vs. ANTON LEON SMITH d.b.a. Integra Recycled Rubber Products a.k.a Integra Tire Recycle, Defendant.	Civil No. CV OC 9506154D 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 (Act) or any Rule thereunder.

VENUE

2. The acts and practices alleged herein comprising violations of law by the above-named Defendant occurred in the conduct of trade and commerce in Madison County and elsewhere in the State of Idaho.

DEFENDANT

3. Defendant Anton Leon Smith (Smith) resides in Madison County, Idaho. Smith has conducted business under the assumed business names, Integra Recycled Rubber Products, Integra Tire Recycle and under various alterations of his given name. Smith claimed to be the owner/operator of the Integra companies. Smith, through the Integra companies, claimed to be actively and successfully engaged in the rubber recycling business.

BACKGROUND

4. Since at least late 1993, Smith has offered and sold securities from within Idaho to Idaho residents, other individuals visiting Idaho, and to individuals in other states. The securities offered and sold took various forms including, but not limited to, stock, profit sharing agreements, and investment contract securities.

5. Smith told investors that he and his wife were the sole owners/operators of the Integra companies and that the business would produce a recycled rubber product know as "crumb rubber". Smith led investors to believe that he was knowledgeable about the recycling business and that his business was currently producing revenues. Smith claimed that crumb rubber was a valuable product that could be used in highway asphalt and other applications. According to Smith, the business would be able to sell all the

crumb rubber it could produce. Smith also provided investors with financial projections that showed the handsome profits that might be expected from the business. Smith intimated that he already had road contractors lined-up to buy any crumb rubber produced by the Integra companies.

6. In connection with the offer and sale of the securities, Smith, 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.

7. In connection with the offer and sale of the securities, Smith engaged in acts, practices, or a course of business that operated or would operate as a fraud or deceit.

COUNT ONE

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

8. Defendant has transacted business in the State of Idaho as a broker-dealer during a period of time when he was not registered under the Act as required by Idaho Code §30-1406.

9. Defendant 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. Defendant has offered and sold securities in the state of Idaho that were not registered under the Act as required by Idaho Code §30-1416.

11. Defendant has violated Idaho Code §30-1416.

COUNT THREE

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

12. Defendant 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 he made false statements of material fact and he omitted to state material facts which, in the light of circumstances under which they were made, were necessary to make his other statements not misleading.

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

A. Through oral statements and various offering materials, Defendant made various claims of business profitability without a reasonable basis for such claims.

B. Defendant promised various commercial equipment as investment collateral. Defendant did not own the equipment promised as collateral.

C. Defendant promised to repurchase investor interests as an inducement to invest, when the Defendant had no reasonable prospects or capability to perform on this promise.

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

D. Failing to advise investors that investment proceeds would be used to fund the personal expenses of the Defendant.

E. Failing to advise offerees and investors that the Defendant had twice filed Chapter 13 bankruptcy. The filings occurred in September 1990 and again in February 1991.

F. Failing to advise offerees and investors that neither the

Defendant 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 investors that the Defendant was the subject of various money judgments entered against him between 1988 and 1994.

H. Failing to advise offerees and investors that Defendant was the subject of at least one unsatisfied judgment entered in May 1993.

I. Failing to advise offerees and investors that Defendant did not personally own the equipment that was promised as collateral in some of the investments.

J. Failing to advise offerees and investors that Defendant did not possess the resources or equipment that would allow the Defendant to attain the "Schedule of Income" projections provided to investors and offerees.

K. Failing to disclose to offerees and/or investors that Defendant was not registered with the Idaho Department of Finance as a broker-dealer as required by Idaho Code §30-1406.

L. 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. Defendant has 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. Defendant offered securities to persons in this state in violation of an antifraud provision of the Act, Idaho Code §30-

1403(3), in that Defendant engaged in acts, practices, and courses of business which operated as a fraud or deceit upon offerees and investors. The Defendant's 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.

B. Defendant worked at a similar business owned and controlled by other entrepreneurs. Defendant represented this business and the equipment therein as his own when offering and selling securities.

15. Defendant has violated Idaho Code §30-1403(3).

PRAYER FOR RELIEF

Wherefore, Plaintiff prays for a Judgment in favor of Plaintiff and against Defendant as follows:

A. That Defendant be adjudged to have violated the Idaho Securities Act.

B. That Defendant 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 he be permanently enjoined from:

1. Transacting securities business in the State of Idaho until such time as Defendant has registered as a broker-dealer 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 Defendant 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 Defendant 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.

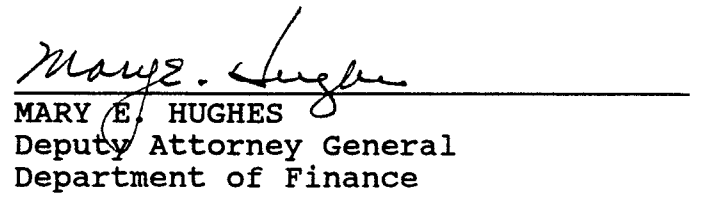
E. That Defendant be ordered to pay a civil penalty to Plaintiff in an amount of $10,000 for each violation of the Idaho Securities Act.

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 7th day of December, 1995.



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