LARRY ECHOHAWK
ATTORNEY GENERAL
STATE OF IDAHO

MARILYN T. SCANLAN
Deputy Attorney General
State of Idaho
Department of Finance
P. O. Box 83720
Boise, ID 83720-0031
Telephone: (208) 334-3313
Facsimile: (208) 334-2216

IN THE DISTRICT COURT OF THE SEVENTH JUDICIAL DISTRICT

OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF BONNEVILLE

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| STATE OF IDAHO, Department of Finance,<br><br>Plaintiff,<br><br>vs.<br><br>CAROL A. WALKER,<br><br>Defendant. | Civil No.<br><br>VERIFIED COMPLAINT<br><br>Fee Category: Exempt |

COMES NOW the Idaho Department of Finance, by and through counsel, to complain and allege as follows:

JURISDICTION

1. This action is brought under the provisions of the Idaho Securities Act, Chapter 14, Title 30, Idaho Code, and in particular Idaho Code § 30-1442 wherein the Director of the Department of Finance is empowered to bring actions seeking injunctive and other relief against persons who either have violated or are about

to violate one or more provisions of the Idaho Securities Act.

DEFENDANT

2. At all times relevant to this complaint, Defendant CAROL A. WALKER ("WALKER") has resided in and operated her principal place of business in Idaho Falls, Idaho.

BACKGROUND

3. Since 1988, WALKER has been engaged in the business of offering personal financial counseling and financial training through various companies from her office in Idaho Falls, Idaho. Beginning in 1991, WALKER offered and sold various securities to investors to help finance the expansion of her businesses. Several forms of securities were used to raise capital to develop projects for Walker's businesses. Other securities were exchanged for services rendered. The forms of securities offered and sold by WALKER were convertible debentures, promissory notes, joint venture investment contracts, shares of stock and stock options.

COUNT ONE

OFFER AND SALE OF UNREGISTERED SECURITIES

4. The allegations contained in paragraphs 1 through 3 are hereby realleged as if fully set forth herein.

5. Beginning in approximately 1991, Defendant WALKER sold or offered for sale, securities in the form of convertible debentures, promissory notes, joint venture investment contracts, shares of stock and stock options.

6. The convertible debentures, promissory notes, joint venture investment contracts, shares of stock and stock options offered

and sold by Defendant WALKER were not, at any time relevant to this action, either registered with the Idaho Department of Finance or the subject of a properly claimed exemption, as required by Idaho Code § 30-1416.

7. As a result, Defendant WALKER violated Idaho Code § 30-1416.

COUNT TWO

OFFERS AND SALES OF SECURITIES BY AN UNREGISTERED SALESMAN

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

9. Defendant WALKER was not, at any time relevant to this action, registered with the Idaho Department of Finance as a broker-dealer or salesman for a broker-dealer or issuer to sell securities as required by Idaho Code § 30-1406.

10. As a result, Defendant WALKER has violated Idaho Code § 30-1406.

COUNT THREE

FAILURE TO MAKE FULL DISCLOSURE IN CONNECTION WITH THE OFFER OR SALE OF SECURITIES

11. The allegations contained in paragraphs 1 through 10 are hereby realleged as if fully set forth herein.

12. Defendant WALKER failed to provide disclosures sufficient to comply with Idaho Code § 30-1403(2) in connection with the offer and sale of the above-described securities.

13. As a result, Defendant WALKER has violated Idaho Code § 30-1403(2).

## PRAYER

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

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

2. That Defendant, her agents, servants, employees, and any other persons in active concert or participation with her, who receive actual notice of the Order, by personal service or otherwise, 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:

A. Selling and 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 Idaho Department of Finance in accordance with title 30, chapter 14, Idaho Code;

B. Transacting securities business in or from the State of Idaho until such time as Defendant has registered as a broker-dealer or as a salesman for a broker-dealer or issuer with the 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 issued by defendant, or any other issuer, making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of circumstances under which

they were made, not misleading.

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

3. That Defendant be ordered to deposit with the Court or with the plaintiff an amount of money sufficient to restore to any person in interest the consideration paid for the security, with interest, and that the Court order that this be used to restore to any person in interest any moneys or property obtained and acquired from such persons by defendant through the use of acts and practices constituting violations of the Idaho Securities Act, in such amounts that the Court finds such persons in interest to be entitled and with such restitution to be made in such manner as the Court shall direct; or in the alternative, that a receiver be appointed to protect the assets of the defendant against waste or use and those assets be used to restore to any person in interest any moneys or property obtained through the use of acts and practices constituting violations of the Idaho Securities Act.

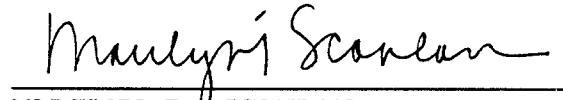
4. That Defendant be ordered not to claim the availability of or use any possible exemption, or offer, sell, or purchase securities that are exempt, or securities under any exempt transaction, under the Idaho Securities Act without first obtaining the prior written consent of the plaintiff.

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

6. That Plaintiff be awarded attorney's fees and costs incurred in preparation and prosecution of this action, and if judgment be taken by default herein, that $5,000 is a reasonable attorney's fee.

7. For such other and further relief as this Court may deem equitable and just.

DATED this 13th day of May, 1994.



MARILYN T. SCANLAN
Deputy Attorney General
Counsel for Plaintiff

VERIFICATION

STATE OF IDAHO )
) ss:
County of Ada )

WAYNE KLEIN, Bureau Chief for the Securities Bureau of the Department of Finance, STATE OF IDAHO, being first duly sworn, deposes and says:

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

DATED this 13th day of May, 1994.

Wayne Klein
WAYNE KLEIN

SUBSCRIBED AND SWORN to before me this 13th day of May, 1994.

Dolores L. Creed
NOTARY PUBLIC FOR IDAHO
Residing at: Eagle
My Comm. Exp.: 10-22-99