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NEWS RELEASE

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STATE SUES CALIFORNIA FIRM FOR FRAUDULENT STOCK SALES

Boise, Idaho The Idaho Department of Finance filed suit today in Sandpoint, Idaho, against a California firm and three agents for selling securities in Idaho without a license and engaging in egregious, fraudulent practices.

Gavin M. Gee, Director of the Idaho Department of Finance, announced the filing of the civil lawsuit in the First District Court in Sandpoint against American Investment Watch, Inc. (AIW), James Benjamin (president), Mike Robertson (chief executive officer) and Randy Carson Warner (salesman).

The lawsuit, filed February 8, 1995, alleges that the defendants engaged in a fraudulent and deceptive telemarketing scheme involving the offer and sale of stock to potential investors in Idaho.

The lawsuit alleges that the defendants used high-pressure telephone pitches and false promises to bait potential investors. At least one Idaho victim was 76 years old at the time of the sale. According to the State, in addition to the fraudulent practices, the securities sold were not registered, and neither the salesman nor the firm were properly licensed.

Some of the fraudulent practices alleged in the Complaint include:

- Failing to disclose that the telemarketer was using a fictitious name
- Failing to inform investors of the defendant's prior criminal convictions
- Falsely claiming that the AIW stock would be a high-yielding, low-risk investment
- Attempting to solicit money for an IRA account from a person too old to legally contribute money to an IRA
- Attempting to get the victim to send additional money by claiming that stock purchased earlier had been sold at a significant profit when there had been no sale
- Failing to provide a prospectus or any of the information necessary to enable an investor to make an informed decision

- Not disclosing any of the significant risks associated with this investment.

The lawsuit seeks an injunction, customer restitution, and penalties of up to \$10,000 per violation. The Department is seeking information about Idaho residents who may have been solicited by, or who has sent money to, AIW.

The Department of Finance cautions all persons not to invest without first receiving and then carefully reading disclosure documents.

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