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BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE  
OF THE STATE OF IDAHO

STATE OF IDAHO, Department of  
Finance, Securities Bureau,

Complainant,

vs.

DEAN C. EARL,

Respondent(s)

Docket No. 1998-7-84

CEASE AND DESIST ORDER

The Director of the Department of Finance, pursuant to the authority of the Idaho Securities Act, Idaho Code §30-1401, *et seq.*, has reasonable grounds to believe the following:

1. Respondent Dean C. Earl is an Idaho resident who has offered and sold interests in international investment programs to Idaho residents.
2. Beginning on a date uncertain but at least since March 29, 1998, Respondent has offered and sold investment contracts to Idaho residents. Some of these contracts

were represented by the respondent to be arbitrage contracts, bank debenture contracts, foreign government bond contracts and currency trading contracts.

3. Respondent has represented to Idaho investors that such contracts could yield from ten percent (10%) to “five times your money in two months”.

4. Respondent has represented to Idaho investors that he is the owner of an international investment bank with traders around the world.

### **COUNT ONE**

5. The investment opportunities offered and sold by the Respondent are securities in the form of investment contracts and or evidences of indebtedness as defined in Idaho Code Section 30-1402(12).

6. The securities offered by Respondent have not been registered with the Idaho Department of Finance as required pursuant to Idaho Code Section 30-1416.

7. Respondent has violated Idaho Code Section 30-1416.

### **COUNT TWO**

8. At no time has the respondent been licensed by the Department of Finance as a broker-dealer or salesman for a broker-dealer to sell or offer for sale securities as required by Idaho Code Section 30-1406.

9. Respondent has violated Idaho Code Section 30-1406.

### **COUNT THREE**

10. In connection with the offer and sale of securities, Respondent made misrepresentations of material fact in violation of the anti-fraud provisions of the Idaho Securities Act. These misrepresentations include, but are not limited to, the following:

a. Respondent represented that he and his partner Cliff Schwartz were the owners of an international investment bank. Review of the records of the Idaho Department of Finance, Banking Division reveals that no international banks are authorized to do business in Idaho.

b. Respondent represented that investments could yield either ten percent (10%), one hundred percent (100%) in six months or "five times your money in two months". Respondent provided no basis for such claims.

c. Respondent represented that such returns were guaranteed. No basis was provided for such guarantee.

d. Respondent represented that returns would be tax free and would be hidden from the IRS. No basis was provided for such claims.

e. Respondent represented that the Onassis family was investing and that an Saudi Arabian sheik had invested seven billion dollars in his program. No information was provided to substantiate such claims.

### **COUNT FOUR**

11. In connection with the offer or sale of securities, Respondent 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 in violation of the antifraud

provisions of the Idaho Securities Act. The omissions of Respondent include, but are not limited to, the following:

- a. Respondent failed to disclose to offerees and/or investors the financial condition of the enterprise in which they would be investing.
- b. Respondent failed to disclose to offerees and/or investors the exact uses toward which the investors money would be applied.
- c. Respondent failed to disclose to offerees and/or investors the nature and amounts of any compensation or other remuneration accruing to Respondent as a result of moneys received from investors.
- d. Respondent failed to disclose to offerees and/or investors all the risks associated with international investments.
- e. Respondent failed to disclose to offerees and/or investors the names and backgrounds of all promoters, brokers, traders and principals involved with the investment.
- f. Respondent failed to disclose to offerees and/or investors that the investments were not registered or exempt under any state or federal securities acts.
- g. Respondent failed to disclose to offerees and/or investors that he was not licensed as a broker-dealer or salesman of a broker-dealer in order to sell securities in Idaho.

**THEREFORE, PURSUANT TO IDAHO CODE § 30-1442(2), IT IS HEREBY ORDERED THAT RESPONDENT IMMEDIATELY CEASE AND DESIST FROM:**

A. Selling or offering to sell any nonexempt securities in any form in the State of Idaho until such time as the securities have been registered with the Department of Finance in accordance with Title 30, Chapter 14, Idaho Code.

B. Selling or offering to sell any nonexempt securities in any form in the State of Idaho until such time as Respondent has registered as a broker-dealer or 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, or sale, of any security in the State of Idaho:

- (1) Employing any device, scheme or artifice to defraud any purchasers of securities in Idaho;
- (2) Making any untrue statement of 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;
- (3) Engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person;

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

**IT IS FURTHER ORDERED, PURSUANT TO IDAHO CODE § 30-1442(2)(a), THAT RESPONDENT REPAY ALL CONSIDERATION THAT HAS BEEN RECEIVED FROM IDAHO INVESTORS IN CONNECTION WITH THE OFFER AND SALE OF THESE SECURITIES.**

12. YOU ARE NOTIFIED that this Cease and Desist Order is a final order of the Department of Finance. However, you may file a motion for reconsideration of this Cease and Desist Order or a request for hearing within fourteen (14) days of the service of this

order. Any such motion for reconsideration or request for hearing must be in writing, addressed to:

Marilyn T. Scanlan  
Securities Bureau Chief  
Department of Finance  
P.O. Box 83720  
Boise; ID 83720-0031

A copy of the motion or request for hearing must also be sent to the Department's counsel, at the address listed on the front of this Cease and Desist Order.

13. If a motion for reconsideration or request for hearing is timely filed, you will be notified of the date, time and place of the hearing, as well as the name of the presiding officer. At the hearing, you will be entitled to enter an appearance, introduce evidence, examine and cross-examine witnesses, make arguments and generally participate in the conduct of the proceedings. If you so desire, you may also be represented by legal counsel at your own expense.

14. Any hearing and subsequent proceedings will be in accordance with the provisions of the Idaho Administrative Procedures Act (Chapter 52, Title 67, Idaho Code).

15. Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order may appeal this final order to district court by filing a petition in the Idaho district court of the county in which:

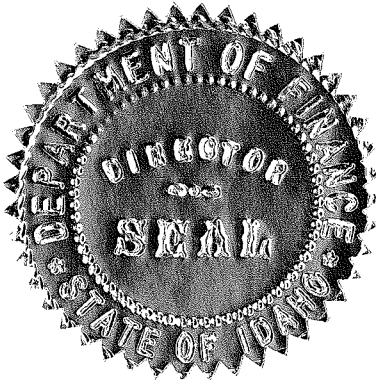
- a. A hearing was held;
- b. The final agency action was taken;
- c. The party seeking review of the order resides; or
- d. The real property or personal that was the subject of the agency action is located.

16. An appeal must be filed within twenty-eight (28) days (a) of the service date of this final order, (b) of any order denying a petition for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. Idaho Code §67-5273. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.

17. This Cease and Desist Order is necessary and appropriate and in the public interest and for the public protection.

**IT IS SO ORDERED.**

DATED this 21<sup>st</sup> day of May, 1998.



A handwritten signature in black ink, appearing to read 'Gavin M. GEE', written over a horizontal line.

GAVIN M. GEE  
Director  
Department of Finance