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STATE OF IDAHO

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Idaho State Bar # 2416

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

STATE OF IDAHO, Department of	)	
Finance, Securities Bureau,	)	
	)	Docket No. 1998-7-100
Complainant,	)	
	)	<b>FINAL ORDER</b>
vs.	)	
	)	
GOLDEN CROSS INVESTMENTS, INC.,	)	
WILLIAM M. MALLINSON, SR., and	)	
JEANNETTE C. LEONARD a.k.a.	)	
JEANNETTE LEVISEE,	)	
	)	
Respondents.	)	
_____	)	

A hearing having been held in this matter, a Recommended Order having been issued by the presiding officer, and the Recommended Order having been reviewed, it is **HEREBY ORDERED**:

1. That the Respondents, and each of them, shall be and are hereby ordered to cease and desist from 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.

2. That the Respondents, and each of them, shall be and are hereby ordered to cease and desist from selling or offering to sell any nonexempt securities in any form in the State of Idaho until such time as Respondents have registered as broker-dealers or salesmen for a broker-dealer or issuer with the Department of Finance in accordance with Title 30, Chapter 14, Idaho Code.

3. That the Respondents, and each of them, shall be and are hereby ordered to cease and desist, while engaging in or in connection with the offer, or sale, of any security in the State of Idaho from:

- a. Employing any device, scheme, or artifice to defraud any purchasers of securities in Idaho;
- b. 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;
- c. 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 1, 2 or 3 above.

4. That the Respondents, and each of them, shall be and are hereby ordered, pursuant to Idaho Code § 30-1442(2)(a) to repay within thirty-five (35) days of the date of entry of this Order, all consideration that has been received from Idaho investors in connection with the offer and sale of securities in Idora Silver Mines, Inc., Golden Bounty Resources, Inc., and/or Silver Spirits, Inc., specifically including without limitation, repayment of the following amounts to the following

named Idaho investors:

a.	James Patrick Eacho	\$ 11,850.00
b.	Carl and Vicky Williams	1,000.00
c.	Dallas Miller	1,000.00
d.	Ricky Tullis	4,500.00
e.	Yulinda (Linda) Bicknese	2,300.00
f.	Mary Ann Olson	500.00
g.	Keith Kroetch	3,000.00
h.	Frances Hess	500.00
i.	Diana VanCleve	500.00
j.	Jennifer Hawkins	60.00
k.	Laurice Soule	350.00
l.	Jerry Colvert	Amount unknown
m.	Kenneth Lexa	Amount unknown

This is a final order of the agency. Any party may file a motion for reconsideration of this final order within fourteen (14) days of the service date of this order. The agency will dispose of the petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. See § 67-5246(4), Idaho Code.

Pursuant to §§ 67-5270 and 67-5272, Idaho Code, any party aggrieved by this final order or orders previously issued in this case may appeal this final order and all previously issued in this case may appeal this final order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which:

- i. A hearing was held,
- ii. The final agency action was taken,
- iii. The party seeking review of the order resides,
- iv. The real property or personal property that was the subject of the agency action is located.

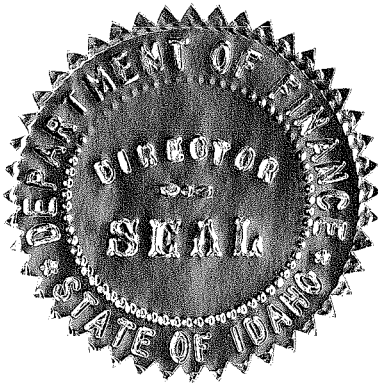
An appeal must be filed within twenty-eight (28) days (a) of the service date of this final order, (b) of an order denying petition for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. See § 67-5273, Idaho Code. The filing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

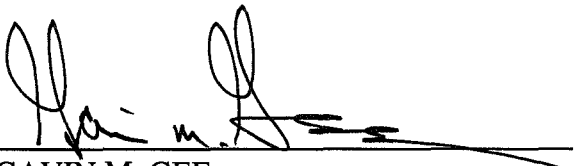
order under appeal.

This order shall be effective fourteen (14) days after its issuance, or on June 11, 1999, if a party has not filed a petition for reconsideration. If a party has filed a petition for reconsideration with the director, this order becomes effective when:

- a. The petition for reconsideration is disposed of; or
- b. The petition is deemed denied because the director did not dispose of the petition within twenty-one (21) days.

Dated this 28<sup>th</sup> day of May, 1999.



  
GAVIN M. GEE  
Director

**CERTIFICATE OF SERVICE**

I hereby certify that on this 28th day of May, 1999, I caused to be served a true and correct copy of the foregoing FINAL ORDER by the method indicated below, and addressed to the following:

William M. Mallinson, Sr.  
1903 - 14 Street South  
Lethbridge, Alberta  
Canada  
TIH 1V2

U.S. Mail, Postage Prepaid  
 Hand Delivered  
 Overnight Mail  
 Telecopy

Jeannette Levissee  
2340 Honeysuckle Dr.  
Coeur d'Alene, Idaho 83814

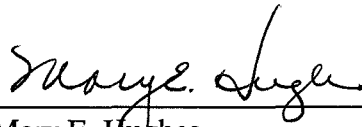
U.S. Mail, Postage Prepaid  
 Hand Delivered  
 Overnight Mail  
 Telecopy

Golden Cross Investments, Inc.  
1903 - 14 Street South  
Lethbridge, Alberta  
Canada  
TIH 1V2

U.S. Mail, Postage Prepaid  
 Hand Delivered  
 Overnight Mail  
 Telecopy

Golden Cross Investments, Inc.  
2340 Honeysuckle Dr.  
Coeur d'Alene, Idaho 83814

U.S. Mail, Postage Prepaid  
 Hand Delivered  
 Overnight Mail  
 Telecopy

  
\_\_\_\_\_  
Mary E. Hughes

ALAN G. LANCE  
ATTORNEY GENERAL  
STATE OF IDAHO

MARY E. HUGHES  
Deputy Attorney General  
State of Idaho  
Department of Finance  
P.O. Box 83720  
Boise, Idaho 83720-0031  
Telephone: (208) 332-8092  
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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.

GOLDEN CROSS INVESTMENTS, INC.,  
WILLIAM M. MALLINSON SR., AND  
JEANETTE C. LEONARD a.k.a.  
JEANETTE LEVISEE,

Respondents

Docket No. 1998-9-100

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 Golden Cross Investments, Inc., is an Alberta, Canada corporation located at 1903 14<sup>th</sup> Street South, Lethbridge, Alberta, Canada T1H1V2 and is also doing business at 2340 Honeysuckle Drive, Coeur d'Alene, Idaho 83814.

2. Respondent William M. Mallinson Sr., is president of Golden Cross Investments, Inc., and resides at 1903 14<sup>th</sup> Street South, Lethbridge, Alberta, Canada T1H1V2 .

3. Respondent Jeanette C. Leonard, a.k.a. Jeanette Levissee, is a public relations officer for Golden Cross Investments, Inc., and resides at 2340 Honeysuckle Drive, Coeur d'Alene, Idaho 83814.

4. Beginning on a date uncertain but at least since May 1997, the Respondents have offered and sold securities in the form of stock in Idora Silver Mines, Inc., Golden Bounty Resources, Inc., and Silver Spirits, Inc., to Idaho residents.

#### **COUNT ONE**

5. The stock offered and sold by the Respondents are securities as defined in Idaho Code § 30-1402(12).

6. The stock offered and sold by the Respondents has not been registered with the Idaho Department of Finance as required pursuant to Idaho Code § 30-1416.

7. Respondents have violated Idaho Code § 30-1416.

#### **COUNT TWO**

8. At no time have the Respondents been licensed by the Department of Finance as broker-dealers or salesmen for a broker-dealer to sell or offer for sale securities as required by Idaho Code § 30-1406.

9. Respondents have violated Idaho Code § 30-1406.

### **COUNT THREE**

10. In connection with the offer and sale of securities, Respondents have made misrepresentations of material fact in violation of an anti-fraud provision of the Idaho Securities Act, Idaho Code § 30-1403(2). These misrepresentations include, but are not limited to, the following:

- a. Misrepresenting to offerees and/or investors that investors would receive from four (4) to twenty (20) times their money on investments in the stock of the companies promoted by Respondents.
- b. Misrepresenting to offerees and/or investors that Respondents had contracts for business which would increase the value of the stock of Idora Silver Mines, Inc.
- c. Misrepresenting to offerees and/or investors that the investors would receive shares of Idora stock when, in fact, shares of Golden Bounty stock would be delivered.

11. Respondents have violated Idaho Code § 30-1403(2).

### **COUNT FOUR**

12. In connection with the offer or sale of securities, Respondents 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 an antifraud provision of the Idaho Securities Act, Idaho Code § 30-1403(2). The omissions of Respondents include, but are not limited to, the following:

- a. Respondents failed to disclose to offerees and/or investors the financial condition of the companies in which they would be investing.



- b. Respondents failed to disclose to offerees and/or investors the exact uses to which the investors' money would be applied.
  - c. Respondents failed to disclose to offerees and/or investors the nature and amounts of any compensation or other remuneration accruing to Respondents as a result of moneys received from investors.
  - d. Respondents failed to disclose to offerees and/or investors the risks associated with investing in the stock of small capitalization companies.
  - e. Respondents failed to disclose to offerees and/or investors the names and backgrounds of all issuers, promoters, agents and principals involved with the investment.
  - f. Respondents failed to disclose to offerees and/or investors that the investments were not registered under the Idaho Securities Act.
  - g. Respondents failed to disclose to offerees and/or investors that they were not licensed as a broker-dealers or salespersons of a broker-dealer in order to sell securities in Idaho.
13. Respondents have violated Idaho Code § 30-1405(2).

#### **COUNT FIVE**

14. In connection with the offer or sale of securities, Respondents engaged in acts, practices and courses of business which operate or would operate as a fraud or deceit upon any person in violation of an antifraud provision of the Idaho Securities Act, Idaho Code § 30-1403(3). The acts and practices include but are not limited to the following:

- a. Operation and promotion of a blind pool investment. Respondents solicited investors to invest in companies with no existing plan of business.

Respondents represented to investors that a plan of business would be created after investments were received.

b. The manner, timing and means used in making the misrepresentations and omissions contained in paragraphs 10 and 12.

15. Respondents have violated Idaho Code § 30-1403(3).

**16. THEREFORE, PURSUANT TO IDAHO CODE § 30-1442(2), IT IS HEREBY ORDERED THAT RESPONDENTS 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 Respondents have registered as broker-dealers or salesmen 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;

- 4) 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.

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

18. YOU ARE NOTIFIED that if you wish to contest this Cease and Desist Order, you must request a hearing with the Department of Finance within twenty-one (21) days after service of this Cease and Desist Order. Any 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 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.

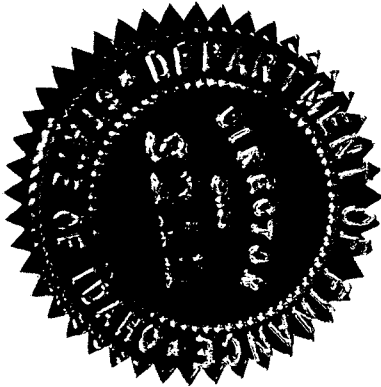
19. If a request for hearing is timely filed, you will be notified of the date, time and place of the hearing, as well as the name of the presiding officer. At the hearing, you will be entitled to enter an appearance, introduce evidence, examine and cross-examine witnesses, make arguments and generally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


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

21. 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 30<sup>th</sup> day of July, 1998.



  
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GAVIN M. GEE  
Director  
Department of Finance