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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. )  
 )  
BLACKPOOL INVESTMENTS, INC., )  
and PARKASH KOTALWI, )  
 )  
Respondents. )  
\_\_\_\_\_ )

Docket No. 1999-7-65

**CEASE AND DESIST ORDER**

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

1. Respondent Blackpool Investments, Inc. (Blackpool), a Canadian corporation, is a purported "investment consultant". Respondent Parkash Kotalwi (Kotalwi) is Blackpool's sole director, and served as a sales agent for Blackpool. The last known address for Respondents is 202-1002 Auckland Street, New Westminster, British Columbia, Canada.

2. Respondents, through “cold call” and written solicitations, have offered and sold “National Savings Premium Bonds” to Idaho residents. According to the Blackpool investment literature, the bonds are issued by the government of Great Britain through National Savings, a department of the British government. Investments in the bonds through Respondents was purportedly "100% secure and guaranteed" and the investment "as safe as the Bank of England".

3. Respondents further informed Idaho residents that purchase of the bonds would enable them to participate in monthly drawings for tax-free prizes from \$100 to a “\$2 million jackpot every month - guaranteed”.

4. In fact, although Premium Savings Bonds are issued by the government of Great Britain through National Savings, an agency of the government, Respondents are not authorized to offer or sell the bonds.

#### **COUNT ONE**

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

6. The securities offered and sold by Respondents have 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 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 the antifraud provision of the Idaho Securities Act. These misrepresentations include, but are not limited to, the following:

- a. Representing that Respondents have, “over the years ... helped hundreds of enthusiastic customers”, when in fact Respondents have been in business less than three months.
  - b. Representing that Respondents are associated with National Savings, when in fact National Savings does not authorize any company to sell its products.
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 the antifraud provision of the Idaho Securities Act. The omissions of Respondents include, but are not limited to, the following:

- a. Respondents failed to inform offerees and investors the method by which the investors would become owners of the Savings Bonds since Respondents are not authorized to offer or sell the bonds.
- b. Respondents failed to disclose the specific nature and amounts of any compensation or other remuneration accruing to Respondents as a result of their offer and sale of the Premium Savings Bonds.
- c. Respondents failed to disclose that the securities were not registered with the Idaho Department of Finance as required under Idaho Code § 30-1416.

- d. Respondents failed to disclose that they were not licensed with the Idaho Department of Finance as required under Idaho Code § 30-1406.
- 13. Respondents have violated Idaho Code § 30-1403(2).

**COUNT FIVE**

14. In connection with the offer and sale of securities, Respondents engaged in acts, practices, and courses of business which operated as a fraud or deceit upon persons. Those acts, practices, and courses of business include, but are not limited to, the following:

- a. Soliciting investments under the guise of being associated with National Savings of Great Britain, and therefore assuring offerees and investors that their investments were guaranteed, when in fact the investment money was to be paid to Respondents, with no guarantee of safety.
  - b. The pattern of misrepresentations and omissions described above.
15. Respondents have violated Idaho Code § 30-1403(3).

**THEREFORE, PURSUANT TO IDAHO CODE §30-1442(2), IT IS HEREBY ORDERED THAT RESPONDENTS, THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND SUCCESSORS IMMEDIATELY CEASE AND DESIST FROM:**

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

B. Selling or offering to sell any security in any form in the State of Idaho until such time as Respondents have registered as broker-dealers or salesmen for a broker-dealer 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 RESPONDENTS REPAY ALL CONSIDERATION THAT HAS BEEN RECEIVED FROM IDAHO INVESTORS IN CONNECTION WITH THE OFFER AND SALE OF THESE SECURITIES.**

16. 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.

17. 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.

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

19. 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

The real property or personal that was the subject of the agency action is located.

20. 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.

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 17<sup>th</sup> day of September, 1999.



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

GAVIN M. GEE  
Director  
Department of Finance