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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,	)	Docket No. 1999-7-73
	)	
Complainant,	)	<b>CEASE AND DESIST ORDER</b>
	)	
vs.	)	
	)	
BIG International, aka BIG International,	)	
Inc., aka BIG Financial Group; Courtney	)	
Agencies; and Agora Office Services,	)	
	)	
Respondents.	)	
_____	)	

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 that violations of the Idaho Securities Act have occurred, and may continue to occur, as follows:

## **BACKGROUND**

1. BIG International, aka BIG International, Inc., aka BIG Financial Group, its employees and agents (“BIG”), have offered and sold securities via the internet and through its agents. The BIG website describes Courtney Agencies as “a wholly owned subsidiary of BIG, set up to bring the benefits of the lottery . . . to individuals of all nations. Agora Office Services provides services to Courtney.”

2. BIG promotes itself at its website (<http://www.biglotto.com>) as “a humanitarian organisation providing a global FREE lottery system where every player can make money even if they don’t win a prize”.

3. BIG also offers “Profit Re-Imbursements” (PRs) that take the form of “loans” to BIG. Those purchasing PRs are offered monthly interest earnings on each loan at rates of return between 3.25% and 4.25% per month. BIG contends that “the annual rate of return on each PR currently stands at approximately 300% per annum.

4. BIG participants are also offered an opportunity to subscribe for and purchase stock in a private bank known as “Player’s Bank”. The promotional materials indicate that the Player’s Bank will be operational by the end of 1999.

5. Beyond being a direct lottery participant or investor, BIG allows individuals to become “agents” for BIG. These agents are offered compensation for direct sales of PRs and overrides on PRs sold by other agents in the sponsoring agent’s downline.

## **COUNT ONE**

6. The PRs offered and sold by Respondents are securities as defined in Idaho Code §30-1402(12), in that the PRs are a) an evidence of indebtedness, b) a note, c) an investment contract and/or d) a profit sharing agreement.

7. The stock in the “Player’s Bank” offered by Respondents is a security as defined in Idaho Code §30-1402(12).

8. The securities offered by Respondents have not been registered with the Idaho Department of Finance as required by Idaho Code §30-1416.

9. Respondents have violated Idaho Code 30-1416.

### **COUNT TWO**

10. 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.

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

### **COUNT THREE**

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

a. Respondents failed to disclose material information regarding BIG, including but not limited to, whether BIG is a corporation, and if so, where it is incorporated, the date of incorporation, the identity of the owners, control persons, and the management, and the background and credentials of the management.

b. Respondents failed to disclose material information regarding Player’s Bank, including but not limited to, whether Player’s Bank is a corporation, and if so, where it is

incorporated, the date of incorporation, the identity of the owners, control persons, and the management, and the background and credentials of the management.

c. Respondents failed to disclose the financial results and current financial condition of BIG.

d. Respondents failed to disclose the financial results and current financial condition of Player's Bank.

e. Respondents failed to disclose the funding, financial condition and operations of the purported lottery run by BIG.

f. Respondents failed to disclose the nature and extent of any investigations pending against BIG regarding the legality of the lottery being run and the securities being offered.

g. Respondents failed to disclose the exact nature of Player's Bank relationship with BIG International and the identity of any common directors, officers or control persons.

h. Respondents failed to disclose the aggregate amount of PRs outstanding and amounts encumbered by BIG in Lodgements.

i. Respondents failed to disclose the risks associated with an investment in PRs or Player's Bank stock.

j. Respondents failed to disclose the details regarding the "projects" to which BIG applies investors' funds and the results of any such projects.

k. Respondents failed to disclose the terms and conditions of a purchase of Player's Bank stock, including a) the amount of securities being offered, b) any dilution associated with an investment in Player's Bank stock, c) the proposed use of proceeds

from the sale of stock in Player's Bank, d) whether and where the bank intends to charter itself as a financial institution, and e) if an escrow will be created for investor funds in the event that the bank is not able to sufficiently capitalize itself through stock sales or other funding.

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

**THEREFORE, PURSUANT TO IDAHO CODE §30-1442(2), IT IS HEREBY ORDERED THAT RESPONDENTS, THEIR AGENTS AND EMPLOYEES 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;

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.**

**IT IS FURTHER ORDERED, PURSUANT TO IDAHO CODE §30-1442(2)(b), THAT A CIVIL PENALTY IN THE AMOUNT OF TEN THOUSAND DOLLARS (\$10,000) IS HEREBY IMPOSED ON RESPONDENTS.**

14. 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.

15. 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

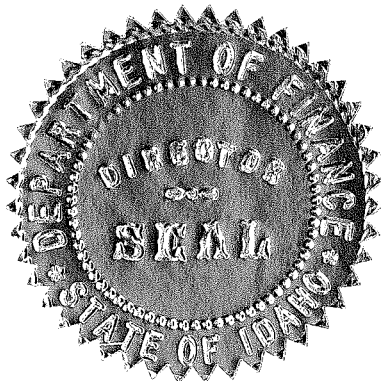
witnesses, make arguments and generally participate in the conduct of the proceedings. If you so desire, you may also be represented by legal counsel at your own expense.

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

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 22<sup>nd</sup> day of October, 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