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J. DAVID NAVARRO, Clerk
By J. EARLE
DEPUTY

**IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA**

STATE OF IDAHO, DEPARTMENT OF)
FINANCE, SECURITIES BUREAU,)
)
Plaintiff,)
)
vs.)
)
PHILIP GARDNER and SEASCAPE)
MANAGEMENT CO., LLC,)
)
Defendants.)
)

Case No. **CV 00 0509845 1**
VERIFIED COMPLAINT
Fee Category: Exempt

The State of Idaho, Department of Finance, Gavin M. Gee, Director, by and through its counsel, Barbara Beehner-Kane, Deputy Attorney General, complains and alleges as follows, on its information and belief:

1. This action is brought pursuant to the Idaho Securities Act, title 30, chapter 14, Idaho Code (hereinafter referred to as the "Act"), and in particular, Idaho Code § 30-1442, wherein the Director is authorized to bring actions seeking injunctive and other relief against defendants who have either violated or are about to violate the provisions of the Act or any rule promulgated thereunder.

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COPY

I.

THE DEFENDANTS

2. Defendant Philip Gardner (hereinafter referred to as “Gardner”) is believed to be a resident of the State of California and represents himself as a Managing Director of Seascope Management Co., LLC.

3. Seascope Management Co., LLC (hereinafter referred to as “Seascope Management”) is a Nevada corporation whose principal place of business is 17100 Gillette Avenue, Irvine, California 92614.

II.

THE INVESTORS

4. All of the investors identified below are, and at all times pertinent hereto were, residents of the State of Idaho.

III.

JURISDICTION

5. This Court has jurisdiction in this matter pursuant to Idaho Code §§ 30-1442(4) and 5-514(a).

IV.

THE INVESTMENT TRANSACTIONS

A. Common Facts

6. The stock Defendants sold to the investors identified below constitute securities within the meaning of the Idaho Securities Act and Rules promulgated thereto.

7. In all of the investment transactions discussed below, Defendants did not register the stock investments sold with the Idaho Department of Finance prior to selling the stock to the investors.

8. In all of the investment transactions discussed below, Defendants did not disclose to the investors the fact that the stock investments sold were not registered with the Idaho Department of Finance prior to selling the stock to the investors.

9. All the investors had dealings in Idaho with an individual acting on behalf of Defendants directing the investors to make arrangements to purchase stock from the Defendants.

B. Investor W.C. – Investment in InfoSPI.com Stock

10. W.C. is, and at all times pertinent hereto was, a resident of the City of Chubbuck, State of Idaho.

11. In or about February 2001, W.C. was advised of an investment opportunity in InfoSPI.com stock.

12. W.C. was not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

13. W.C. was instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

14. W.C. purchased 1,000 shares of InfoSPI.com stock at \$1.50 per share for a total of \$1,500.00 from the Defendants.

C. Investor S.C. – Investment in InfoSPI.com Stock

15. S.C. is, and at all times pertinent hereto was, a resident of the City of Boise, State of Idaho.

16. In or about September 2000, S.C. was advised of an investment opportunity in InfoSPI.com stock.

17. S.C. was not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

18. S.C. was instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

19. S.C. purchased 20,000 shares of InfoSPI.com stock at \$.75 per share for a total of \$15,000.00 from the Defendants.

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D. Investor M.C. – Investment in InfoSPI.com Stock

20. M.C. is, and at all times pertinent hereto was, a resident of the City of Pocatello, State of Idaho.

21. In or about August 2000, M.C. was advised of an investment opportunity in InfoSPI.com stock.

22. M.C. was not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

23. M.C. was instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

24. M.C. purchased 3,300 shares of InfoSPI.com stock at \$1.50 per share for a total of \$4,950.00 from the Defendants in August 2000 and then an additional 30,000 shares of InfoSPI.com at \$.75 per share for \$22,500.00 for a total amount paid for InfoSPI.com stock of \$27,450.00

E. Investor C.F. and H.F. – Investment in InfoSPI.com Stock

25. C.F. and H.F. are and at all times pertinent hereto were, husband and wife and residents of the City of American Falls, State of Idaho.

26. In or about July 2000, C.F. and H.F. were advised of an investment opportunity in InfoSPI.com stock.

27. C.F. and H.F. were not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

28. C.F. and H.F. were instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

29. C.F. and H.F. purchased 2,000 shares of InfoSPI.com stock at \$1.50 per share for a total of \$3,000.00 from the Defendants.

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F. Investor E.F. – Investment in InfoSPI.com Stock

30. E.F. is, and at all times pertinent hereto was, a resident of the City of American Falls, State of Idaho.

31. In or about January 2001, E.F. was advised of an investment opportunity in InfoSPI.com stock.

32. E.F. was not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

33. E.F. was instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

34. E.F. purchased a total of 3,000 shares of InfoSPI.com stock at \$1.50 per share for a total of \$4,500.00 from the Defendants.

G. Investors N.F. and B.F. – Investment in InfoSPI.com Stock

35. N.F. and B.F. are and at all times pertinent hereto were, husband and wife and residents of the City of Rexburg, State of Idaho.

36. In or about July 2000, N.F. and B.F. were advised of an investment opportunity in InfoSPI.com stock.

37. N.F. and B.F. were not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

38. N.F. and B.F. were instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

39. N.F. and B.F. purchased 1,000 shares of InfoSPI.com stock at \$1.50 per share for a total of \$1,500.00 from the Defendants.

H. Investors A.K. and K.K. – Investment in InfoSPI.com Stock

40. A.K. and K.K. are and at all times pertinent hereto were, husband and wife and residents of the City of Pocatello, State of Idaho.

41. In or about July 2000, A.K. and K.K. were advised of an investment opportunity in InfoSPI.com stock.

42. A.K. and K.K. were not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

43. A.K. and K.K. were instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

44. A.K. and K.K. purchased 5,000 shares of InfoSPI.com stock at \$1.50 per share for a total of \$7,500.00 from the Defendants.

I. Investor R.K. – Investment in InfoSPI.com Stock

45. R.K. is, and at all times pertinent hereto was, a resident of the City of Idaho Falls, State of Idaho.

46. In or about January 2001, R.K. was advised of an investment opportunity in InfoSPI.com stock.

47. R.K. was not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

48. R.K. was instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

49. R.K. purchased 10,000 shares of InfoSPI.com stock at \$1.50 per share for a total of \$15,000.00 from the Defendants.

J. Investor T.K. – Investment in InfoSPI.com Stock

50. T.K. is, and at all times pertinent hereto was, a resident of the City of Blackfoot, State of Idaho.

51. In or about January 2001, T.K. was advised of an investment opportunity in InfoSPI.com stock.

52. T.K. was not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

53. T.K. was instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

54. T.K. purchased 10,000 shares of InfoSPI.com stock at \$1.50 per share for a total of \$15,000.00 from the Defendants.

K. Investor T.J.K. – Investment in InfoSPI.com Stock

55. T.J.K. is, and at all times pertinent hereto was, a resident of the City of Pocatello, State of Idaho.

56. In or about January 2001, T.J.K. was advised of an investment opportunity in InfoSPI.com stock.

57. T.J.K. was not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

58. T.J.K. was instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

59. T.J.K. purchased 13,500 shares of InfoSPI.com stock at \$1.50 per share for a total of \$20,000.00 from the Defendants.

L. Investors M.L. and V.L. – Investment in InfoSPI.com Stock

60. M.L. and V.L. are and at all times pertinent hereto were, husband and wife and residents of the City of Ketchum, State of Idaho.

61. In or about January 2001, M.L. and V.L. were advised of an investment opportunity in InfoSPI.com stock.

62. M.L. and V.L. were not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

63. M.L. and V.L. were instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

64. M.L. and V.L. purchased 5,000 shares of InfoSPI.com stock at \$1.50 per share for a total of \$7,500.00 from the Defendants.

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M. Investor K.L. – Investment in InfoSPI.com Stock

65. K.L. is, and at all times pertinent hereto was, a resident of the City of Idaho Falls, State of Idaho.

66. In or about January 2001, K.L. was advised of an investment opportunity in InfoSPI.com stock.

67. K.L. was not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

68. K.L. was instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

69. K.L. purchased 3,000 shares of InfoSPI.com stock at \$1.50 per share for a total of \$4,500.00 from the Defendants.

N. Investor K.N. and D.N. – Investment in InfoSPI.com Stock

70. K.N. and D.N. are and at all times pertinent hereto were, husband and wife and residents of the City of Pocatello, State of Idaho.

71. In or about July 2000, K.N. and D.N. were advised of an investment opportunity in InfoSPI.com stock.

72. K.N. and D.N. were not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

73. K.N. and D.N. were instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

74. K.N. and D.N. purchased 6,000 shares of InfoSPI.com stock at \$1.50 per share for a total of \$9,000.00 from the Defendants.

O. Investor M.W. – Investment in InfoSPI.com Stock

75. M.W. is, and at all times pertinent hereto was, a resident of the City of Pocatello, State of Idaho.

76. In or about March 2001, M.W. was advised of an investment opportunity in InfoSPI.com stock.

77. M.W. was not informed that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

78. M.W. was instructed to make the check for the purchase of InfoSPI.com stock payable to the defendant Seascope Management Company.

79. M.W. purchased 4,000 shares of InfoSPI.com stock at \$1.00 per share for a total of \$4,000.00 from the Defendants in March 2001 and then an additional 1,000 shares of InfoSPI.com at \$.1.00 per share for \$1,000.00 for a total amount paid for InfoSPI.com stock of \$5,000.00

P. Other Investors – Investment in InfoSPI.com Stock

80. Upon information and belief, Plaintiff believes that there are additional investors who invested in InfoSPI.com through Defendants Gardner and Seascope Management who have not responded to Plaintiff's request for information.

81. Furthermore, Plaintiff avers that Defendants also failed to disclose to the additional investors that InfoSPI.com stock was not registered as a security with the Idaho Department of Finance.

COUNT ONE

FAILURE TO REGISTER SECURITIES

82. Plaintiff hereby realleges and incorporates by reference paragraphs 1 through 81 above as though fully set forth.

83. Beginning on a date uncertain, but at least since 2000, Defendants Gardner and Seascope Management offered for sale, either directly or indirectly, or aided and abetted in the offer, to Idaho residents and others, stock in InfoSPI.com which constitutes a security under the Act.

84. The securities offered by these Defendants were not registered with the Department as required by Idaho Code § 30-1416.

85. Defendants' failure to register such securities constitutes a violation of Idaho Code § 30-1416.

COUNT TWO

FAILURE TO REGISTER AS BROKER-DEALERS OR SALESMEN

86. Plaintiff hereby realleges and incorporates by reference paragraphs 1 through 85 above as though fully set forth.

87. At all times relevant to this Verified Complaint, Defendants Gardner and Seascope Management were not registered by the Department as broker-dealers or salesmen to offer for sale securities, as required by Idaho Code § 30-1406.

88. In the instances where there is evidence that Defendants Gardner or Seascope Management have transacted business in Idaho as broker-dealers or salesmen without having been properly registered with the Department under the Act, these actions constitute a violation of Idaho Code § 30-1406.

COUNT THREE

VIOLATIONS OF THE ANTI-FRAUD PROVISIONS OF THE ACT-OMMISSIONS

89. Plaintiff hereby realleges and incorporates by reference paragraphs 1 through 88 above as though fully set forth.

90. Defendants Gardner and Seascope Management Company violated Idaho Code § 30-1403(2), an anti-fraud provision of the Act, in that they failed to inform the Idaho investors that the stock they were purchasing was not registered and therefore could not be freely transferred.

WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

1. That Defendants be adjudged to have violated the Idaho Securities Act and successor laws;
2. That Defendants be permanently enjoined from engaging in any acts, practices, courses of business, omissions and misrepresentations which would constitute violations of the Idaho Securities Act, title 30, chapter 14, Idaho Code and successor laws.

3. That Defendants be permanently enjoined from engaging in the following acts and conduct while engaged in or in connection with the offer, sale or purchase of any security:

a. Employing any device, scheme or artifice to defraud any investors or prospective investors;

b. Making any untrue statement of a 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; and

c. Engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

4. That Defendants be prohibited from claiming the availability of, using, offering or selling securities under any exemptions under the Act without receiving prior written consent of the Director.

5. That Defendants be ordered to pay a civil penalty to Plaintiff in the amount of \$10,000.00 for each violation of the Idaho Securities Act, as may be proved or established herein. More specifically, pursuant to Idaho Code § 30-1442(3)(b), for total penalties each Defendant of \$390,000.00 based on Counts One through Three;

6. For an award of the sum of \$136,450.00 jointly and severally against both Defendants, representing restitution to the above-named investors for their losses incurred as a result of Defendants' unlawful conduct.

7. For an award of Plaintiff's costs incurred herein, including Plaintiff's attorneys fees and the reasonable costs of the investigative efforts expended by Plaintiff.

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