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CHRISTOPHER D. RICH, Clerk  
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**IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT  
OF THE STATE OF IDAHO, IN AND FOR ADA COUNTY**

STATE OF IDAHO, DEPARTMENT OF  
FINANCE, SECURITIES BUREAU,

Plaintiff,

vs.

GERALD RICHARD THOMPSON,  
individually and dba SKY DETECTIVE,  
INC.,

Defendant.

Case No. CV OC 11 07257

**STIPULATION AND CONSENT TO  
ENTRY OF JUDGMENT**

Plaintiff, the State of Idaho, Department of Finance (“Department”), and Defendant, Gerald Richard Thompson, an individual and dba Sky Detective, Inc. (“Thompson”), have agreed to entry of judgment against Thompson, pursuant to the Stipulation and Consent to Entry of Judgment (“Stipulation”). The Department and Thompson request that this Court enter judgment in the form and substance set forth in the Stipulated Judgment and Permanent Injunction (“Judgment”) filed concurrently herewith. In the event the Judgment is not entered

pursuant to this Stipulation, this Stipulation shall be of no effect whatever, and the making of this Stipulation shall be without prejudice to any party in this or any other proceeding. By signing and entering into this Stipulation, Thompson waives his rights to a hearing and/or trial on the alleged violations in the Verified Complaint.

### **PLAINTIFF'S ALLEGATIONS**

The Department alleges that Thompson solicited investors to invest in securities in an approximate aggregate amount of at least three million six hundred twenty-nine thousand one hundred fifty dollars (\$3,629,150). The investment was intended to fund the start-up business Sky Detective, Inc. (Sky); however the business never got off the ground. Further, Thompson described the investment as one that would provide returns of up to 500%.

Sky never produced a functioning surveillance device, other than a few suitable as a beta test. Thompson squandered investment seed money, paying himself and his favored employees unjustifiably high salaries for a start-up company. Because of the swift depletion of seed money, Sky was unable to follow through on efforts to produce the surveillance devices before it ran out of money and the enterprise collapsed.

Thompson violated the antifraud sections of Idaho's Uniform Securities Act (2004) by misrepresenting the investment and by omitting material information from the investor solicitations. Thompson failed to register these securities, and Thompson failed to register as a securities broker-dealer or agent, as required by law. Despite demand, the invested funds have not been returned.

Thompson neither admits nor denies these allegations.

## STIPULATION

The Department and Thompson hereby stipulate and agree to the facts, conclusions of law, terms and conditions set forth in herein.

1. Pursuant to Idaho Code § 30-14-603, Thompson agrees to the following:

a. That Thompson issued, sold or offered for sale in Idaho securities in the form of investment contracts. Such securities were not registered with the Department as required by Idaho Code § 30-14-301. Thompson's failure to register such securities with the Department violated Idaho Code § 30-14-301.

b. That Thompson transacted business in Idaho as an agent of an issuer. Thompson was not registered as an agent with the Department as required by Idaho Code § 30-14-402(a). Thompson's failure to register as an agent with the Department violated Idaho Code § 30-14-402(a).

c. That Thompson will pay to the Department the amount of forty thousand dollars (\$40,000), constituting penalties for the violations listed in Counts One through Four of the Verified Complaint. In satisfaction of this amount, subject to the terms below, Thompson will make payments to the Department, as specified next, which will be paid into the Securities Investor Education and Training Fund. See Idaho Code § 30-14-601(e). As an additional incentive, the Department will waive \$10,000 of the penalties upon successful completion of the payment plan.

d. The payment plan is as follows: beginning on June 1, 2012, and continuing every month for one hundred twenty (120) months, Thompson will pay the amount of two hundred fifty dollars (\$250), which totals \$30,000. The payments must be in the form of personal or

cashier's check and must be delivered to Idaho Department of Finance, PO Box 83720, Boise, ID 83720-0031.

e. Thompson may prepay any payment, but will continue paying until he has paid the total sum of thirty thousand dollars (\$30,000), after which his payments will cease.

f. If Thompson fails to make any payment on time, Thompson shall be immediately liable for the full amount of the restitution and penalties specified in the parties' Stipulated Judgment & Permanent Injunction as collectible in the event of default: \$3,669,150. Time is of the essence for such payments, and the parties agree that failure to make a payment on time is a material breach of this Stipulation and the agreements embodied herein. If Thompson fails to make a payment on time, the Department shall provide him with notice of breach via US Mail at 2976 E. State St., Ste. 201, Eagle, Idaho 83616, whereupon Thompson shall have ten 10 days from the date of the Department sending notice within which to effect a complete cure. Following the expiration of said curative window, the Department may commence enforcement of the Judgment. Thompson is not entitled to any notice of breach by the Department other than that specified in this sub-provision. The Department will not waive or extend the payment dates for any reason, unless it chooses to do so in its sole discretion, in which case it will do so only in a writing signed by all parties.

g. Thompson will provide the Department with a complete and accurate affidavit of net worth. If Thompson fails to completely identify all assets, income, and anticipated income (such as an inheritance), known or reasonably knowable to him at the time of his signature, or if Thompson overstates expenses or liabilities, the Department shall be entitled to rescind any satisfaction of judgment it may have filed and immediately commence collection under this Stipulation and for the full amount specified in the parties' Stipulated Judgment & Permanent

Injunction as collectible in the event of default: \$3,669,150, less any amounts Thompson may have paid to the Department pursuant to the Stipulation. If Thompson receives any monetary sums of greater than \$5,000 or assets valued at more than \$5,000 through gift, devise or bequest during the time he is making payments pursuant to this Stipulation, he will advise the Department of the same and will fully cooperate with the Department in applying the value of the gift towards his remaining balance he then owes the Department (therefore, not to exceed \$30,000). Failure to advise the Department of such a gift and provide the portion of its value as described above will be a material breach of this agreement entitling the Department to all remedies hereunder.

h. That Thompson consents to the Court's entry of the Judgment filed concurrently herewith, permanently barring Thompson from any future violations of Idaho's Uniform Securities Act and from selling or offering for sale securities in any form in the state of Idaho.

i. The Department shall not be required to provide Thompson notice of, nor shall Thompson object to, any request for a renewal of the Judgment, filed concurrently herewith, under Idaho Code § 10-1111.

j. Thompson agrees and consents that the Department may obtain credit reports as necessary to assist in collecting amounts owed under this Stipulation and associated Judgment. Thompson further agrees that in the event of his material breach of this Agreement, the Department may obtain federal and state tax returns for the purpose of collecting sums due pursuant to this Stipulation, and hereby assigns to the Department on behalf of investors all federal and state tax returns to be applied in satisfaction of sums due hereunder. The rights granted to the Department under this paragraph will cease upon the Department filing a

satisfaction of judgments as set forth in paragraph 2.c. below. These rights will reanimate and become operative in aid of paragraph 2.d. below.

k. Thompson waives any applicable statutes of limitation otherwise applicable to the allegations made by the Department in this action, and specifically agrees to waive/not assert any of the Idaho Code § 30-14-509(j) statutes of limitation against any private party for three (3) years from the date of signature of this Stipulation. Waiving the Idaho Code § 30-14-509(j) statutes of limitation is for the benefit of private parties, and this waiver is to accrue to them. Thompson agrees that this waiver is supported by adequate consideration, and further agrees that if he asserts an Idaho Code § 30-14-509(j) statute of limitation against any private party in violation of this paragraph, it shall be a material breach of the agreements in this Stipulation and will justify the Department in seeking all remedies available hereunder.

1. Thompson agrees to bear his own attorney fees and costs in this action.

2. The Department agrees to the following:

a. That Counts One through Four of the Verified Complaint and the actions giving rise to Counts One through Four are merged into this Stipulation and the associated Judgment, and the terms of this Stipulation and the associated Judgment shall be the Department's sole remedy for the violations giving rise to the Verified Complaint.

b. The Department will not record the Judgment filed in this action so long as Thompson timely makes the payments enumerated above.

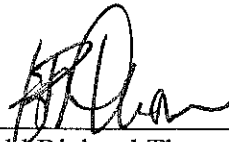
c. That upon receipt of the amount of thirty thousand dollars (\$30,000), the Department will file a satisfaction of judgment fully satisfying the Judgment amount.

d. Failure to accurately state net worth, income and expenses, and contingent income, such as inheritance or a beneficial interest in any life insurance policy, in the affidavit of

net worth, shall entitle the Department to rescind the satisfaction of judgment and immediately commence collection efforts on the full Judgment amount.

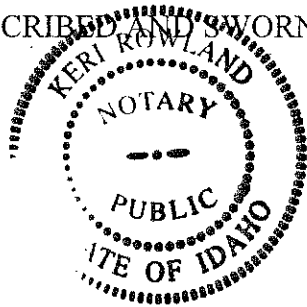
e. The Department agrees to forgo any claim for costs, attorney fees, and reimbursement for investigative efforts in this action pursuant to Idaho Code § 30-14-603(b)(2)(C).

DATED this 30<sup>th</sup> day of March, 2012.



\_\_\_\_\_  
Gerald Richard Thompson  
Defendant

SUBSCRIBED AND SWORN to before me this 30<sup>th</sup> day of March, 2012.



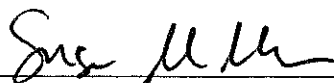
\_\_\_\_\_  
Notary Public

Residing at: Meridian ID

My Comm. Exp.: 10/3/2017

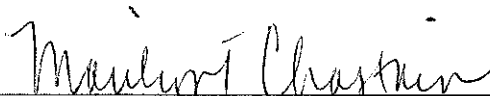
APPROVED AS TO FORM AND CONTENT.

DATED this 3<sup>rd</sup> day of April, 2012.



\_\_\_\_\_  
Benjamin A. Schwartzman/Susan Moss  
BANDUCCI WOODDARD SCHWARTZMAN PLLC  
Counsel for Defendant

DATED this 5<sup>th</sup> day of April, 2012.




\_\_\_\_\_  
Marilyn T. Chastain  
Securities Bureau Chief  
State of Idaho, Department of Finance

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 6 day of April, 2012, I served a true and correct copy of the foregoing STIPULATION AND CONSENT TO ENTRY OF JUDGMENT upon the following by the designated means:

Benjamin A Schwartzman	<input type="checkbox"/>	U.S. Mail, postage prepaid
Susan M. Moss	<input type="checkbox"/>	Certified mail
BANDUCCI WOODARD SCHWARTZMAN	<input checked="" type="checkbox"/>	Facsimile: (208) 454-0136
PLLC	<input checked="" type="checkbox"/>	Hand delivery
802 W. Bannock St., Ste 500		
Boise, ID 83702		

  
\_\_\_\_\_  
Paralegal