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By M. STROMER
DEPUTY

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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.

HOME SWEET HOME, LLC,
STREAMLINE FINANCIAL, LLC,
MICHAEL J. BREINHOLT, an
individual and dba HOME SWEET
HOME, LLC and STREAMLINE
FINANCIAL, LLC, JOHN DOE
COMPANIES 1, 2 and 3, and JOHN DOE
INDIVIDUALS A, B C, D, E and F,

Defendants.

Case No. CV 00 0721972

VERIFIED COMPLAINT

Fee category: Exempt

COMES NOW the State of Idaho, Department of Finance, Gavin M. Gee, Director, by and through its counsel, Alan Conilogue, Deputy Attorney General, and upon information and belief, complains and alleges as follows:

1. This action is brought pursuant to the Idaho Uniform Securities Act (2004), Idaho Code § 30-14-101 *et seq.* (the Act), and in particular Idaho Code § 30-14-603, wherein the Department is authorized to bring actions seeking injunctive and other relief against persons who have either violated or are about to violate provisions of the Act or any rule promulgated thereunder.

2. The acts and practices herein comprising violations of law by the above-named defendants occurred in Ada County and elsewhere in the state of Idaho.

CASE SUMMARY

3. Plaintiff alleges that Defendant Michael J. Breinholt, individually and dba as one or more LLCs, and other defendants, have issued securities in the form of promissory notes and investment contracts in an aggregate amount greater than three million dollars (\$3,000,000). In ongoing transactions, these defendants take investor money and send it to a Utah company named Annuity Coeptis, which in turn sends it to another Utah company named Founders Capital. Annuity Coeptis pays Defendants 3% monthly, or 36% annual, interest on the money. Defendants in turn pay the investors typically 1.5% or 2% monthly interest (18% or 24% annually, respectively), keeping the difference for themselves. Defendants failed to register these securities as required by law. Defendants also defrauded investors by misrepresenting the investment, and by failing to provide required material information.

4. Defendants also participated in a course of business that operated as a fraud or deceit upon investors, in order to increase the amount invested with Defendants, using a model developed by a person sanctioned by the state of Wyoming for violating its securities laws. To

help the investors obtain money to invest, Defendants engaged in two types of real estate transactions. Defendants would help an investor get, in effect, a home equity loan. A key component is that Defendants work with certain appraisers and mortgage loan originators who cooperate in obtaining high appraisals and loans at inflated values, in order to maximize the available equity. Money from the home equity loan is then invested with Defendants, who forward it to Annuity Coepris.

5. These defendants also identify properties that are allegedly undervalued. They will assist the investor in buying the property at the low price, then will swiftly have it reappraised at a much higher value. The investor will then refinance the property. The difference between the lower purchase price and the subsequent higher appraisal represents equity that the investor can borrow against to provide the proceeds to Defendants.

DEFENDANTS

6. Defendant Home Sweet Home, LLC (HSH) is or was a limited liability company in the State of Idaho. Due to irregularities with its company records, HSH's current status is not clear.

a. HSH was organized under the laws of Idaho on February 22, 2005, with Michael J. Breinholt (Breinholt) and Elijah Rich as its managers.

b. On January 24, 2006 HSH changed its name to Streamline Financial, LLC, and deleted Elijah Rich as a manager, leaving Breinholt as the sole manager and member.

c. On January 24, 2006, HSH executed several documents in an apparent effort to clean up organizational loose ends and conform company paperwork to records filed with the Idaho Secretary of State. Several documents were back-dated to February 22, 2005, but were actually executed later. HSH executed an operating agreement with an effective date of February 22, 2005, signed by Breinholt and by Becca Breinholt as members. HSH also executed

on January 24, 2006 a Unanimous Consent to Action to form and fund the company, back-dated to February 22, 2005, and signed by Michael and Becca Breinholt as members. HSH also executed on January 24, 2006 a Joint Consent to Action, signed by both Breinholts, which appointed Michael Breinholt as the sole manager.

d. HSH is and was a mere alter ego for Breinholt, used to effectuate the unlawful sale of securities and fraud as described in this Verified Complaint.

7. Defendant Streamline Financial, LLC (Streamline) is or was a limited liability company in the State of Idaho. Due to irregularities with its company records, Streamline's current status is not clear.

a. Streamline first appears on January 24, 2006, when HSH changed its name to Streamline Financial, LLC and named Breinholt as the sole manager and member.

b. As with HSH, Streamline executed several documents in an apparent effort to clean up organizational loose ends and conform company paperwork to records filed with the Idaho Secretary of State. Streamline executed an Amended & Restated Operating Agreement with an effective date of February 22, 2005, signed by Breinholt and by Becca Breinholt as members.

c. Streamline was administratively dissolved by the Idaho Secretary of State for failure to file the required annual report form on time, but was reinstated on May 17, 2006.

d. Streamline executed a Joint Consent to Action, signed by both Breinholts, that appointed Michael Breinholt as the sole manager. This document was dated August 2, 2006

e. Streamline executed another Joint Consent to Action, signed February 7, 2007, naming Michael and Becca Breinholt as managers.

f. Streamline is and was a mere alter ego for Breinholt, used to effectuate the unlawful sale of securities and fraud as described in this Verified Complaint.

8. John Doe Companies 1, 2 and 3 are entities whose exact structure, status and true name are currently unknown. Plaintiff alleges that these companies are and were mere alter egos for Breinholt or other individual Defendants, used to effectuate the fraudulent and unlawful offer or sale of securities as described in this Verified Complaint. This Verified Complaint will be amended pursuant to Idaho Rule of Civil Procedure 10(b)(4) when the true name(s) is(are) discovered.

9. Defendant Breinholt has been a resident of Boise and Meridian in Ada County, Idaho and has conducted business in Idaho during all times relevant herein.

10. John Doe Individuals A, B and C are persons whose true names are currently unknown. Plaintiff alleges that these persons unlawfully and fraudulently offered or sold securities in the same or a similar fashion as Breinholt as described in this Verified Complaint, and made the same misrepresentations and failures to disclose as Breinholt. This Verified Complaint will be amended pursuant to Idaho Rule of Civil Procedure 10(b)(4) when the true name(s) is(are) discovered.

11. John Doe Individuals D, E and F are persons whose true names are currently unknown. Plaintiff alleges that these persons have received and have possession of funds as a result of the violations of law and fraudulent conduct described in this complaint. This Verified Complaint will be amended pursuant to Idaho Rule of Civil Procedure 10(b)(4) when the true name(s) is(are) discovered. These defendants will at all times herein be referred to as the Nominal Defendants.

FACTS

Background

12. Beginning at least as early as March, 2006, defendants other than the Nominal Defendants began offering and issuing securities in the form of promissory notes and investment contracts. These defendants accepted money in exchange for a promissory note that offered a monthly interest rate of 1.5%, 2%, or 3%. Investors who participated in this common enterprise expected profits from it based solely on the efforts of others.

13. Defendants follow an investment philosophy taught by The FranklinSquires Company, LLC, a company formed by C. Rick Koerber. Koerber professes he coined the phrase “equity milling,” which appears to be how returns were generated. Investors refinance their homes and borrow against the accumulated equity, then invest the money with Defendants, thus “milling the equity.” A homeowner might pay 6% interest on the equity loan, but will supposedly make 18% to 24% on the invested money.

14. Defendants also offered to find properties for investors to purchase for equity milling. Defendants asserted that they could find undervalued property, help the investor purchase it, and then quickly refinance the property at a higher value. The investor/purchaser could either rent the home or commercial property, or, in the right circumstances, could leave it empty. These transactions occurred during a real estate market characterized by rapidly rising prices. Mortgage lenders believed that loans bore little risk because even if the purchaser defaulted, the property would have risen in value. Since they perceived little risk, lenders loaned money without traditional risk mitigation aspects. Borrowers could obtain loans that required only the interest to be paid for two years or so, and at low interest rates. The carrying costs on the loans

were low enough that the 18% to 24% return on the investment would easily make the payments, even without renting the property.

15. Defendants, at all times material herein, were not registered with the State of Idaho or the National Association of Securities Dealers (NASD) (now known as the Financial Industry Regulatory Authority, or FINRA) as broker/dealers, or as broker/dealer agents.

16. The securities issued by Defendants were not registered with the State of Idaho or the NASD/FINRA.

Misrepresentations

17. In order to induce investors to invest, Defendants, other than the Nominal Defendants, made the following representations, among others:

- a. The investment was guaranteed.
- b. The investment was risk free.
- c. The investment was backed by real estate and precious gems and metals.
- d. The returns were generated by “hard money lending.” Hard money lending, as used by Defendants, appears to simply mean loaning money. Defendants used the phrase as a term of art to imply some greater importance to their activities.
- e. Defendants, other than the Nominal Defendants, were engaged in “hard money lending.”
- f. The returns were also generated by purchasing undervalued real estate which was then somehow made to yield a high return.

18. The statements in the preceding paragraph are false and misleading for these reasons.

- a. The investments are not guaranteed. Rather, it appears that payments from Annuity Coeptis to Defendants have stopped and that Defendants do not have sufficient assets to

repay investors. Thus, if payments to Defendants from Annuity Coeptis have stopped and yet investors continue to receive payments, such payments can only be coming from ongoing unlawful fundraising by Defendants.

b. The investments are not risk free.

c. Most if not all of the money placed with Defendants was sent to a Utah company, Annuity Coeptis, which then forwarded it to another Utah company, Founders Capital. Defendants did not invest it in real estate or precious gems and metals.

d. The returns were not generated by “hard money lending.” Defendants did little or no lending. They borrowed money, issued securities in the form of promissory notes and investment contracts, and sent the money to Annuity Coeptis. Annuity Coeptis forwarded the money to Founders Capital.

e. Defendants were not engaged in “hard money lending.” If Defendants loaned money, it was not in amounts as to be a significant source of returns for the investments.

f. The investments were not used by Defendants to purchase real estate. Most, if not all, of the investment monies were placed with Annuity Coeptis and other companies.

Material Omissions

19. Defendants did not tell potential investors certain information that would be necessary to make other statements not misleading, and that an investor would likely consider as material to a decision to invest with Defendants. Defendants failed to disclose the following material information:

a. That the author of the equity milling capital accumulation plan, C. Rick Koerber, was the subject of an administrative action by the State of Wyoming. The action resulted in a Stipulated Order that forbid future violations of Wyoming Securities law;

- b. Information about Defendants' financial condition or operating history;
- c. That some investors, including those related to Defendants, received higher rates of return than other investors;
- d. The amount and type of compensation paid to Defendants;
- e. That most if not all of the investment money was forwarded to other entities for investment with yet another entity;
- f. That the other entities paid higher rates of return than was offered to Defendants' investors;
- g. That investor money would eventually be forwarded to an entity or entities controlled by Koerber;
- h. That Defendants were not registered as agents to sell the securities, as required by the Idaho Uniform Securities Act (2004);
- i. That the securities issued by Defendants were not registered as required by the Idaho Uniform Securities Act (2004).

INVESTORS

20. Beginning at least as early as March, 2006 and continuing at least through July 2007, Defendants other than the Nominal Defendants issued at least 33 unregistered securities to at least 25 investors. The aggregate face amounts of the securities issued is three million one hundred thirty nine thousand four hundred dollars (\$3,139,400). Plaintiff believes that Defendants have been and are continuing to issue such securities, and the actual face amount issued in violation of Idaho law is much higher.

COUNT ONE
(Fraud - False and Misleading Statements)

21. The allegations of paragraphs 1 through 20 above are realleged and incorporated herein as if set forth verbatim.

22. Idaho Code § 30-14-501(2) provides that it is unlawful for any person, directly or indirectly, in connection with the offer, sale or purchase of a security, to make an untrue statement of material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

23. Defendants' misrepresentations to prospective investors as set forth in paragraphs 17 and 18 were made in connection with the offer, sale or purchase of securities. Defendants' misrepresentations, as specifically set forth in paragraphs 17 a through f above, were false and misleading, constituting violations of Idaho Code § 30-501(2) as to each misrepresentation to each investor.

24. Defendants' omissions of material facts and failures to disclose to prospective investors as set forth in paragraph 19 were made in connection with the offer, sale or purchase of securities. Defendants' omissions of material facts and failures to disclose, as specifically set forth in paragraphs 19 a through i above, constitute violations of Idaho Code § 30-501(2) as to each omission and failure to disclose to each investor.

COUNT TWO
(Fraudulent Conduct)

25. The allegations of paragraphs 1 through 20 above are realleged and incorporated herein as if set forth verbatim.

26. Idaho Code § 30-14-501(3) provides that it is unlawful for any person, directly or indirectly, in connection with the offer, sale or purchase of a security, to engage in an act,

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

27. Defendants' acts as set forth in paragraphs 1 through 20 were made in connection with the offer, sale or purchase of securities. Their conduct as described in paragraphs 1 through 20 constitutes engaging in transactions, acts, practices, or courses of business which operate or would operate as a fraud or deceit upon investors or prospective investors, in violation of Idaho Code § 30-14-501(3) as to each victim.

COUNT THREE
(Unregistered Securities)

28. The allegations of paragraphs 1 through 20 above are realleged and incorporated herein as if set forth verbatim.

29. Defendants issued, sold or offered for sale in Idaho securities in the form of promissory notes and investment contracts. Such securities were not registered with the Department as required by Idaho Code § 30-14-301.

30. The Defendants' failure to register such securities with the Department constitutes a violation of Idaho Code § 30-14-301.

COUNT FOUR
(Failure to Register)

31. The allegations of paragraphs 1 through 20 above are realleged and incorporated herein as if set forth verbatim.

32. Defendants, other than the Nominal Defendants, transacted business in Idaho as broker-dealers. No Defendant was registered as a broker-dealer with the Department as required by Idaho Code § 30-14-401(a).

33. Defendants' failure to register as broker-dealers with the Department constitutes a violation of Idaho Code § 30-14-301.

34. Defendants, other than the Nominal Defendants, transacted business in Idaho as agents of broker-dealers or of issuers. No Defendant was registered as an agent with the Department as required by Idaho Code § 30-14-402(a).

35. Defendants' failure to register as agents with the Department constitutes a violation of Idaho Code § 30-14-402(a).

COUNT FIVE

(Constructive Trust)

36. The allegations of paragraphs 1 through 20 above are realleged and incorporated herein as if set forth verbatim.

37. Plaintiff alleges that Defendants other than the Nominal Defendants transferred funds obtained through the unlawful and fraudulent transactions described in this complaint to the Nominal Defendants, also known as John Doe Individuals D, E and F. Such funds were obtained by Defendants other than the Nominal Defendants under circumstances rendering it unconscionable for the Nominal Defendants to use or retain the funds or proceeds from them. The Nominal Defendants have no legal or equitable right, claim or interest in such funds, and would be unjustly enriched if allowed to retain the funds and/or proceeds of them. Therefore, equity requires that a constructive trust or equitable lien be imposed on the funds and proceeds, and that the funds and proceeds be conveyed to the Plaintiff forthwith as restitution for the investors. The amount of the funds and proceeds will be proven at trial.

PRAYER FOR RELIEF

WHEREFORE, the Department prays for judgment in favor of the Department and against Defendants as follows:

1. That Defendants, other than the Nominal Defendants, be adjudged to have violated the Idaho Uniform Securities Act (2004), Idaho Code § 30-14-101 *et seq.*, rules promulgated thereunder, and other applicable federal laws and regulations as proven at trial, as to Counts One through Four alleged above, as well as any additional counts proven at trial.

2. That Defendants be permanently enjoined from engaging in any act or practice violating any provision of the Idaho Uniform Securities Act (2004) or any rule promulgated thereunder, pursuant to Idaho Code § 30-14-603(b)(1), and in particular, that they be permanently enjoined from:

a. Selling or offering for sale nonexempt securities in any form in the state of Idaho without first registering them with the Department in accordance with Title 30, Chapter 14, Idaho Code;

b. Selling or offering for sale nonexempt securities in any form in the state of Idaho without first becoming registered as a broker/dealer and/or broker/dealer agent with the Department in accordance with Title 30, Chapter 14, Idaho Code;

c. In connection with the offer, sale or purchase of any security, directly or indirectly:

i. Employing any device, scheme, or artifice to defraud;

ii. 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;

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

3. That Defendants be ordered to pay a civil penalty of up to \$10,000 for each violation of the Act as the Court deems appropriate, pursuant to Idaho Code § 30-14-603(b)(2)(C), for total penalties of at least \$500,000, and that the court award a money judgment in favor of Plaintiff in such amount.

4. That Defendants be ordered to disgorge all money rightfully belonging to the investors, in amounts to be proven at trial, pursuant to Idaho Code § 30-14-603(b)(2)(C).

5. That Defendants be ordered to make restitution to investors, pursuant to Idaho Code § 30-14-603(b)(2)(C).

6. That the Court impose a constructive trust or equitable lien on all funds and proceeds fraudulently obtained from investors and transferred to the possession or control of the Nominal Defendants, aka John Doe Individuals D, E and F, in an amount to be proven at trial, so that such funds may be conveyed by the Plaintiff as restitution to the investors.

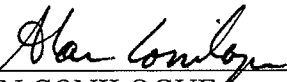
7. That the court unwind any transfers by Defendants of investor funds and transferred to the Nominal Defendants, pursuant to the “Unlawful Transfers” provision of Chapter 9, Title 55, Idaho Code, and in particular, Idaho Code § 55-903.

8. That Plaintiff be awarded attorney fees and costs incurred in the preparation and prosecution of this action, pursuant to Idaho Code § 12-121, and that the court award a money judgment in favor of Plaintiff in such amount. Should judgment be taken by default herein, Plaintiff asserts that \$5,000 is a reasonable sum for the same.

9. For such further relief as this Court may deem just and equitable under the circumstances.

DATED this 21 day of December, 2007.

STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL



ALAN CONILOGUE
Deputy Attorney General

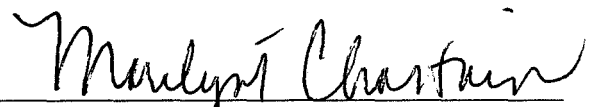
VERIFICATION

STATE OF IDAHO)
)ss.
County of Ada)

MARILYN T. CHASTAIN, Bureau Chief of the Securities Bureau of the Department of Finance, State of Idaho, being first duly sworn, deposes and says:

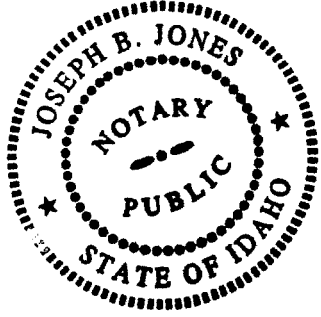
I have read the foregoing Verified Complaint, and know the contents thereof; and that the same are true to the best of my knowledge and belief.

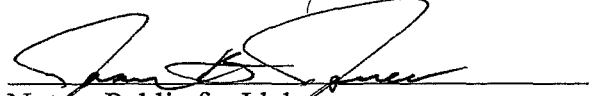
DATED this 4th day of December, 2007.



MARILYN T. CHASTAIN

SUBSCRIBED AND SWORN to before me this 4 day of December, 2007.





Notary Public for Idaho
Residing at: Medford, Id.
My Commission Expires: 2/20/08