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IN THE DISTRICT COURT OF THE SIXTH JUDICIAL DISTRICT

OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF CARIBOU

STATE OF IDAHO, Department)
of Finance,)
)
Plaintiff,)
)
vs.)
)
WORLDWIDE FINANCIAL, LLC, and)
STEVEN JAMES COOK,)
)
Defendants.)
_____)

Civil No. *CV 99-3230*

VERIFIED COMPLAINT

Fee Category: Exempt

Comes now the State of Idaho, Department of Finance, Gavin M. Gee, Director, by and through counsel, to complain and allege as follows:

JURISDICTION

1. This action is brought under the provisions of the Idaho Securities Act, Title 30, Chapter 14, Idaho Code, and in particular Idaho Code § 30-1442 wherein the Director of the Idaho

Department of Finance (Department) is empowered to bring actions seeking injunctive and other relief against defendants who have either violated or are about to violate provisions of the Idaho Securities Act or any rule or order thereunder.

VENUE

2. The acts and practices alleged herein comprising violations of law by the above-named Defendants occurred in the conduct of trade and commerce in Caribou County, and elsewhere in the State of Idaho.

DEFENDANTS

3. Defendant Worldwide Financial, LLC (Worldwide Financial), was a Utah limited liability company formed in September 1996, for the purposes of buying, selling, and dealing in commercial paper. Worldwide Financial was dissolved in November 1998, for its apparent failure to either file the required annual report or pay the required fees. Worldwide Financial's last known address is 302 N. 100 W., Providence, Utah.

4. Defendant Steven James Cook (Cook) was licensed as a securities salesman in Idaho from January 1991, until July 1996. He was the initial and sole manager of Worldwide Financial. Cook has continued to offer and sell securities, including Worldwide Financial bonds, to Idaho residents after losing his securities salesman license in July 1996. Cook's last known business address is 302 N. 100 W., Providence, Utah.

BACKGROUND

5. Cook was terminated by his employing broker-dealer firm in July 1996. The firm has reported that Cook was terminated after admitting unauthorized transactions in customer accounts. In response to customer complaints made to the firm regarding Cook, and after an internal review, the firm paid in excess of \$319,165.00 in settlements to customers of Cook during the period

October 1996 through July 1997.

6. Shortly after his termination, Cook formed Worldwide Financial. The articles of organization filed with the State of Utah identify Cook as the sole and initial manager.

7. Cook's securities salesman license expired upon his termination from the employing broker-dealer firm. After his termination, Cook continued to hold himself out to Idaho residents as being regularly engaged in the securities business. Cook solicited previous securities customers to transfer their accounts to an independent broker, and continued to transact securities business on behalf of the customers in those accounts, in some instances through a limited power of attorney. In particular, Cook solicited customers to purchase Worldwide Financial bonds and debentures. The Worldwide Financial securities were never registered for sale in Idaho, and are worthless.

COUNT ONE

The allegations contained in paragraphs 1 through 7 are hereby realleged as if fully set forth.

8. Beginning on a date uncertain but at least since October 1996, Defendants sold or offered for sale, or caused to be sold, either directly or indirectly, or aided and abetted in the offer or sale of securities in the form of bonds or debentures.

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

10. Defendants have violated Idaho Code § 30-1416.

COUNT TWO

The allegations contained in paragraphs 1 through 10 are hereby realleged as if fully set forth.

11. Beginning on a date uncertain but at least since October 1996, Defendant Cook has transacted business in Idaho as a broker-dealer or securities salesman.

12. Defendant Cook has not been licensed as a broker-dealer or securities salesman

during that period as required by Idaho Code § 30-1406.

13. Defendant Cook has violated Idaho Code § 30-1406.

COUNT THREE

The allegations contained in paragraphs 1 through 13 are hereby realleged as if fully set forth.

14. In connection with the offer and sale of securities, Defendants 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 the Worldwide Financial bonds or debentures were safe, with no reasonable basis for such claim.
- B. Representing that the Worldwide Financial bonds or debentures were FDIC insured, when in fact the FDIC does not generally insure bonds or debentures, and these securities were not so insured.

15. Defendants have violated Idaho Code § 30-1403(2).

COUNT FOUR

The allegations contained in paragraphs 1 through 15 are hereby realleged as if fully set forth.

16. In connection with the offer or sale of securities, Defendants 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 Defendants include, but are not limited to, the following:

- A. Defendant Cook failed to inform offerees and/or investors that, after July 1996, he was not licensed as a securities salesman.
- B. Defendant Cook failed to inform offerees and/or investors that he was the subject of multiple customer complaints and brokerage settlement payments to former customers.

- C. Defendants failed to disclose information regarding the Worldwide Financial bonds and debentures including, but not limited to:
- (1) the name of the issuer,
 - (2) the financial condition of the issuer,
 - (3) that the issuer was owned and controlled by Cook,
 - (4) that the issuer had only been organized in September 1996,
 - (5) that the issuer had been dissolved in Utah on November 1, 1998,
 - (6) use of investor proceeds by Worldwide Financial and Cook, and
 - (7) the amounts and types of compensation or other remuneration that would accrue to Cook as a result of any investment.
- D. Defendants failed to disclose that the Worldwide Financial bonds and debentures were not registered with the Idaho Department of Finance as required under Idaho Code § 30-1416.
17. Defendants have violated Idaho Code § 30-1403(2).

COUNT FIVE

The allegations contained in paragraphs 1 through 17 are hereby realleged as if fully set forth.

18. In connection with the offer or sale of securities, Defendants engaged in acts, practices or courses of business which operated as a fraud or deceit upon persons in violation of the antifraud provision of the Idaho Securities Act. The acts, practices and courses of business of Defendants include, but are not limited to, the following:

- A. The pattern of misrepresentations and omissions described in paragraphs 14 and 16, above.
- B. Defendant Cook holding himself out to customers acquired while he was employed by a broker-dealer firm as being regularly engaged in the securities business after his termination and loss of license.

- C. Recommending to customers the purchase of Worldwide Financial debentures and bonds, a company created and controlled by Cook, without disclosing the conflict of interest, and continuing to recommend the purchase of the securities after the company had been dissolved.

19. Defendants have violated Idaho Code § 30-1403(3).

PRAYER FOR RELIEF

Wherefore, Plaintiff prays for a Judgment in favor of Plaintiff and against Defendants as follows:

- A. That Defendants be adjudged to have violated the Idaho Securities Act.
- B. That Defendants be permanently enjoined from engaging in any acts, practices or omissions which would constitute violations of the Idaho Securities Act, Title 30, Chapter 14, Idaho Code, or any rule or order thereunder, and in particular, that they be permanently enjoined from:
1. Selling or offering for sale nonexempt securities in any form in the State of Idaho until such time as the securities have been registered with the Idaho Department of Finance in accordance with Title 30, Chapter 14, Idaho Code;
 2. Selling or offering for sale nonexempt securities in any form in the State of Idaho until such time as Defendant Cook has registered as a broker-dealer or salesman for a broker-dealer or issuer with the Idaho Department of Finance, in accordance with Title 30, Chapter 14, Idaho Code;
 3. 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 in the securities;
 - (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;

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

4. Aiding, abetting, counseling, inducing or causing any other person to engage in any of the types of conduct described in paragraphs 1, 2, or 3, above.

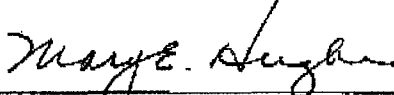
C. That Defendants be prohibited from claiming the availability of, using, or offering or selling securities under, any exemption under the Idaho Securities Act without receiving the prior written consent of the Director.

D. That Defendants be ordered to restore to each person in interest any consideration which may have been acquired or transferred in violation of the Idaho Securities Act.

E. That Plaintiff be awarded attorney's fees and costs incurred in the preparation and the prosecution of this action, and if judgment is taken by default herein, that \$5,000 is a reasonable attorney's fee.

F. Such other and further relief as this Court may deem equitable and just.

DATED this 1st day of October, 1999.



MARY E. HUGHES
Deputy Attorney General
Department of Finance

