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## NEWS RELEASE

**For Immediate Release**

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### **BOISE REAL ESTATE PROMOTER SUED FOR SECURITIES VIOLATIONS**

The Idaho Department of Finance has filed a civil lawsuit in Ada County's Fourth District Court against Nathan Ward Pyles ("Pyles") and his company Shiloh Management Services, Inc. The suit alleges that the Defendants violated registration and anti-fraud provisions of the Idaho Uniform Securities Act through operation of an investment scheme. Also named in the lawsuit is Roger Button ("Button") for his part in materially aiding Pyles in the scheme. The real estate-related investment enterprise operated in and around Ada County.

The Department alleges that Pyles defrauded investors by a) misleading investors about the safety and security of their investment, b) diverting investor funds to repay prior investors as well as for Pyle's personal use without specifically disclosing that use to investors, c) failing to provide complete financial disclosures about his businesses and the actual risk of the investments, and d) selling unregistered securities.

According to the complaint, Pyles, doing businesses as Shiloh Management Services, conducted a business of fixing and flipping homes, offering investors first position deeds of trust to secure six month promissory notes at interest rates of 14-17%. Over time the operation developed into a Ponzi scheme with aspects of affinity fraud raising more than \$28 million from 55 investors. Nearing the end of the scheme, Pyles was promising numerous investors a secured interest in the same property, greatly exceeding the property's value. In the most egregious instance, one property may have been deeded to as many as eight investors.

The complaint also alleges that Button offered and sold unregistered securities while not being registered to do so, as well as materially aiding Pyles in the investment scheme through recruitment of investors and otherwise aiding in the operation of Shiloh Management Services.

The Department seeks approximately \$4.88 million in investor restitution and \$300,000 in civil penalties, while also asking the court for restrictions on the Defendants' future business dealings in Idaho.

*Department of Finance press releases, a copy of the civil complaint, and other information can be found on the Internet at <http://finance.idaho.gov> or may be obtained by contacting the Department at (208)-332-8000 or Idaho toll-free at 1-888-346-3378.*