

Contact:  
Marilyn Chastain  
Bureau Chief  
Securities Bureau  
(208) 332-8004

## **NEWS RELEASE**

For Immediate Release

April 14, 2003

### **UTAH, NEVADA PROMOTERS ORDERED TO REPAY IDAHO INVESTORS IN "HIGH YIELD" NOTE SCHEME**

Boise, Idaho...Gavin Gee, Director of the Idaho Department of Finance, announced that the Honorable Don Harding, District Judge of the Sixth Judicial District in Preston, Idaho, has entered judgment and a permanent injunction against Galaxy Financial Services, Inc., Silver State Mobile Homes, Inc., V.J. Enterprises, Inc., Robert Swick and Mark V. Johnson. The Court's Order comes in a securities lawsuit filed by the State alleging the defendants violated the Idaho Securities Act by promoting and selling fraudulent investments to Idaho residents.

The Court's Order was entered on April 10th, 2003 after the defendants failed to defend themselves in the State's action. Silver State, Galaxy Financial and Swick all operate from Las Vegas, Nevada. Mark Johnson and V.J. Enterprises operate from Garden City, Utah.

The lawsuit alleged that the defendants offered and sold investment securities in the form of high yield promissory notes, that the securities were not registered in Idaho and that the defendants were not licensed to sell securities in Idaho. The State also alleged that misrepresentations and omissions were made in connection with the securities offering. As alleged, the misrepresentations and omissions included:

- 1) Misrepresenting the notes as being very safe and fully secured against loss,
- 2) Misrepresenting that the notes and the collateral supporting the notes were "excluded from

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any legal action, including Chapters 13, 7 and 11”,

- 3) Failing to disclose the risks associated with the investment,
- 4) Failing to disclose that investment collateral might be promised to more than one investor,
- 5) Failing to disclose that Swick might use corporate funds to pay personal “gaming markers”,  
and
- 6) Failing to disclose material information about the defendants including outstanding litigation  
against some or all of the defendants.

The Court’s order finds that the defendants violated the Idaho Securities Act and enjoins each defendant from offering or selling unregistered securities, offering or selling securities through unregistered salespersons, and engaging in misrepresentations or omissions in connection with the offer, sale or purchase of a security. The Court also ordered that the defendants repay affected Idaho investors and awarded the State \$5,000 in attorney’s fees and costs. Losses in Idaho are estimated at \$200,000.

The Idaho Department of Finance cautions Idaho residents to make sure that the investments and investment professionals with whom they deal are registered. Investors can check out the registration status of securities investments and securities professionals by contacting the Department’s Securities Bureau at (208) 332-8004, or toll free (within Idaho only) at 1-888-346-3378.

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*Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at <http://finance.state.id.us> and may be obtained by contacting the Department at (208) 332-8004 or Idaho toll-free at 1-888-346-3378.*