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NEWS RELEASE

FOR IMMEDIATE RELEASE

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**STATE FINANCE DEPARTMENT OBTAINS JUDGMENT, INJUNCTION
AGAINST FORMER NAMPA STOCKBROKER, INSURANCE AGENT**

Boise, Idaho . . . Gavin Gee, Director of the Idaho Department of Finance, announced that the Honorable Renae Hoff, District Judge of the Third Judicial District Court in Caldwell, has entered a consent judgment and permanent injunction against Delbert W. Gray. Gray and his company, Heritage Financial Group, operated from Nampa, Idaho. Heritage Financial Group is unrelated to the Meridian-based company United Heritage Financial Group.

Gray's license to sell securities was suspended by the Department effective January 29, 2003.

The lawsuit stemmed from allegations that Gray violated the antifraud provisions of the Idaho Securities Act and that Gray's fraudulent acts resulted in losses to investment victims of approximately \$1.5 million. More specifically, the complaint alleged that Gray:

- a. engaged in fraudulent acts, practices or a course of business, which operated as a fraud or deceit upon investment clients;
- b. misrepresented to investment clients that investment funds received from them would be deposited in investment accounts and used to purchase certificates of deposit, money market funds, bond funds or other investments, when in reality, Gray misappropriated and converted such funds to his own use, or to use such funds to pay back other investors as part of a Ponzi-type scheme;
- c. misrepresented the safety of the funds being invested by securities clients;
- d. misrepresented that Heritage Financial Group, Inc. was affiliated with a Utah investment firm by the same name when in fact Gray was the president, director and sole shareholder of this Idaho corporation;

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- e. failed to disclose to investors that their investment monies would be deposited into Heritage Financial's operating account, or other business or personal account(s) maintained or controlled by Gray, and used for Heritage and/or Gray's business or personal expenses, rather than invested in certificates of deposit, money market or bond funds, or other investments, as Gray had represented.

The Court's order permanently enjoins Gray from future violations of the securities laws, places limitations on future business activities and orders restitution to affected parties.

Gray was also the subject of a criminal prosecution stemming from these offenses by the United States Attorney's Office for the District of Idaho and ordered restitution of approximately \$1.5 million. Last month, Judge Edward Lodge sentenced Gray to the maximum term of 57 months in prison.

The Idaho Department of Finance cautions Idaho residents to be suspicious of investment promoters that "guarantee" investment profits or claim to provide higher than market returns on investments without higher risk. The old adage that "if it sounds too good to be true, it probably is" has never been truer than it is today.

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