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NEWS RELEASE

For Immediate Release

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STATE SUES NAMPА STOCKBROKER, INSURANCE AGENT DELBERT GRAY ACCUSED OF 15 COUNTS OF SECURITIES FRAUD

Boise, Idaho . . . Gavin Gee, Director of the Idaho Department of Finance announced the filing of a civil securities lawsuit against Delbert W. Gray and his Idaho corporation, Heritage Financial Group, Inc. Gray and his company operated from Nampa, Idaho. The case was filed in Third District Court in Caldwell, Idaho. Heritage Financial Group **is a separate corporation and unrelated to** the Meridian-based company United Heritage Financial Group.

Gray's license to sell securities was suspended by the Department, with his consent, for thirty days during the pendency of the Department's investigation effective January 29.

The lawsuit alleges that in connection with the offer and sale of securities Gray violated the antifraud provisions of the Idaho Securities Act and that Gray's fraudulent acts resulted in losses to investment victims of at least \$635,400. More specifically, the complaint alleges that the defendants:

- 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

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misappropriated and converted such funds to his own use, or to use such funds to pay back other investors as part of a Ponz-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 sold shareholder of this Idaho corporation;
- 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 State's lawsuit seeks an order from the court permanently enjoining the defendants from future violations of the securities laws, limitations on future business activities and restitution to affected investors, as well as civil penalties and attorney fees.



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