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NEWS RELEASE

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INVESTMENT FRAUD ALLEGED IN SMALL BUSINESS INVESTMENT SCHEME

Refunds Sought Against Man With Dual Identity

Boise, Idaho . . . Gavin Gee, Director of the Idaho Department of Finance announced the filing of a civil securities lawsuit against Theodore Sebastian Hauk, a Boise businessman, who allegedly was starting a furniture/carpentry business. The case was filed in Fourth District Court in Boise, Idaho. Hauk apparently also has had a legal identity under the name Scott Thomas Allen.

The lawsuit alleges that Hauk raised investor funds through the sale of a security for further application to a new business that Hauk was starting. In connection with his fund raising efforts, the State alleges that Hauk violated the antifraud provisions of the Idaho Securities Act and that his fraudulent acts resulted in the total loss of investor funds. More specifically, the complaint alleges that the defendant:

- a) engaged in fraudulent acts, practices or a course of business, which operated as a fraud or deceit upon the investors;
- b) failed to inform the investors that their investment funds would not be invested in any business enterprise, but would be used by Hauk to pay for his own personal obligations and entertainment expenses;
- c) failed to inform the investors of his alternate legal identity, and
- d) misrepresented to investors that they were investing in a legitimate enterprise and that invested monies would be used to purchase equipment and supplies for the business.

The State's lawsuit seeks an order from the court permanently enjoining the defendant 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.

The Idaho Department of Finance cautions Idaho residents to make sure that the investments and investment professionals with whom they deal are registered. Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at <http://www.idahofinance.com> and may be obtained by contacting the Department at (208) 332-8004 or Idaho toll-free at 1-888-346-3378.