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NEWS RELEASE

For Immediate Release

July 6, 2004

IDAHO FALLS PROMOTER AGREES TO \$1.2 MILLION JUDGMENT After Failing in Bankruptcy Court, Robert McClung Settles Suit

Boise, Idaho . . . Gavin Gee, Director of the Idaho Department of Finance, announced that the Honorable Gregory S. Anderson, District Judge of the Seventh Judicial District in Idaho Falls, Idaho, has entered a money judgment against Robert McClung of Idaho Falls. The money judgment, in excess of \$1.27 million, comes more than eighteen months after McClung had been sued by the State in connection with his promotion of a fraudulent day-trading investment scheme.

The Court's Order was entered on June 22, 2004 after the defendant failed to have the State's original judgment and investor losses discharged in U.S. Bankruptcy Court. On June 14, 2004, the Honorable Judge Jim Pappas, U.S. Bankruptcy Judge for Idaho, ordered that an amended default judgment originally obtained by the State against McClung in Bonneville County not be discharged in McClung's bankruptcy proceeding.

The State's initial lawsuit had alleged that McClung and entities controlled by him offered and sold investment interests in a partnership known as RRLM. More specifically the lawsuit alleged that McClung and his entities:

- a) misrepresented that McClung and RRLM had a history of profitably engaging in securities day-trading;
- b) misrepresented that McClung would be compensated on the basis of trading profits when McClung effectively converted funds into an account in the names of Spenlee, Inc. and Robert McClung, although no day-trading profits had been realized;

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- c) misrepresented to investors and prospective investors that RRLM investors were realizing profits by producing and distributing false client account statements that reported significant trading profits;
- d) failed to inform investors of the true day-trading results realized by RRLM under the management of McClung and Spenlee, Inc.; and
- e) failed to disclose to offerees and investors that any profits or principle previously distributed to investors were illusory and not based on the actual investment results realized by RRLM.

In the initial lawsuit, the Department previously obtained a judgment with findings that the Defendants had violated state securities law as alleged in the complaint, leaving only the monetary damages to be determined.

The money judgment concludes the Department's enforcement litigation and clears the way to engage in collection efforts on behalf of affected Idaho investors.

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