



**NEWS RELEASE**

**For Immediate Release**

**October 26, 2009**

**MERIDIAN REAL ESTATE FUND MANAGER IS CHARGED WITH DEFRAUDING IDAHO INVESTORS**

*Idaho Department of Finance Seeks Return of \$3.7 Million of Investor Funds*

Boise, Idaho . . . The Idaho Department of Finance has filed a complaint in Ada County District Court against Sheila Lea Jones. Jones, owner of Vitruvian Investment Group, solicited investors to pool their money for investment into a real estate fund managed by Jones. The fund purportedly invested in short-term construction and development loans, as well as conventional real estate transactions including both commercial and residential loans. The defendant allegedly raised over \$3.7 million from at least 40 investors and offered annual returns of 8 percent to 10.5 percent. The State's complaint alleges violations of the anti-fraud provisions of the Idaho Securities Act and violations of the Idaho Financial Fraud Prevention Act. Vitruvian Investment Group filed for Chapter 7 bankruptcy protection in November 2008.

The department's complaint alleges that the defendant:

- misrepresented to investors that their investment proceeds would be secured by real estate loans
- misrepresented to investors that not less than 75 percent of the fund portfolio balance would be invested in first lien position real estate loans
- misrepresented to investors that the fund would be reconciled by a CPA on a monthly basis
- misrepresented to investors that a CPA would perform an annual audit of the fund
- failed to advise investors that some investor money would be used for Jones' personal benefit
- failed to advise investors that the only way the fund could be successful would be to continue to bring new investor money into the fund

The State's suit seeks a Court order permanently enjoining Jones from further violations of the Idaho Securities Act and the Idaho Financial Fraud Prevention Act and seeks to place restrictions on future business activities. Additionally, the Department seeks restitution of \$3.7 million and civil penalties.

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*The Idaho Department of Finance cautions all investors to investigate before you invest.*

*Department of Finance Press Releases and a copy of the civil complaint can be found on the Internet at <http://finance.idaho.gov> and may be obtained by contacting the Department at (208) 332-8004 or toll-free at (888) 346-3378.*

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