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NEWS RELEASE

For Immediate Release

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STATE SUES NEW YORKER ALLEGING HIGH-YIELD PONZI SCHEME
Penalties & Restitution Sought Against Louis Nardone III

Boise, Idaho . . . The Idaho Department of Finance has filed a civil lawsuit in Ada County against Louis C. Nardone III, doing business as Precision Marketing Group. The complaint cites violations of the registration and fraud provisions of the Idaho Uniform Securities Act. Nardone operated from Lake Mohegan, New York.

The Department alleges that the Defendant obtained approximately \$300,000 from nearly two dozen Idahoans and promised rates of return of 115 percent to 175 percent annually while misrepresenting and omitting important disclosures to investors. More specifically, the suit alleges that Nardone:

1. Misrepresented that the investment was risk free or virtually risk free,
2. Misrepresented to some investors that their funds would be invested in real estate transactions,
3. Failed to inform investors that some of the funds raised would be used to pay Nardone's personal expenses as well as to pay returns to earlier investors, a classic element of a Ponzi scheme, and
4. Failed to provide any financial disclosures about his business operations.

The lawsuit seeks restitution for investors, penalties of \$45,000 and a permanent injunction prohibiting Nardone from offering securities in Idaho in the future.

"There is a well-established tradeoff between risk and reward – higher returns necessarily require an investor to accept higher levels of risk," Department of Finance Director Gavin Gee said. "Certainly, potential returns in excess of 100 percent annually should be viewed with a healthy dose of skepticism by any investor."

Investors are reminded to contact the Department of Finance to check whether promoters and their investment offerings are properly qualified in Idaho. The orders issued in these matters can be found on the Internet at <http://finance.idaho.gov/civilactions> or may be obtained by contacting the department at (208) 332-8004 or Idaho toll-free at 1-888-346-3378.

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