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NEWS RELEASE

For Immediate Release

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STATE ORDERS HALT TO INVESTMENT OFFERINGS Two men cited for investment pitches made at senior centers

Boise, Idaho . . . The Idaho Department of Finance issued a Cease and Desist Order against two individuals ordering a halt to the offer and sale of various securities in Idaho. Paul H. Smith and Steve Munson are named in the Order. Smith operates from Riverside, California, while Munson resides in Meridian, Idaho.

The Order alleges that Smith and Munson held investment seminars at senior citizen centers in Boise, Nampa and Caldwell, Idaho and that violations of Idaho securities laws occurred in connection with these seminars.

More specifically, the order alleges that Smith and Munson:

- a) solicited securities clients when not properly registered with the State,
- b) offered securities investments that were not registered in violation of Idaho law, and
- c) made misrepresentations and omissions of information material to the investments in violation of the anti-fraud provisions of the Idaho Securities Act.

Smith, who subsequently obtained and then lost an Idaho securities salesman license, is alleged to have failed to inform his employing broker-dealer of the investments he was offering in Idaho. Further, the State alleged that Smith's employer expressly prohibited its agents from selling unapproved products, such as the ones offered in Idaho by Smith.

Department officials confirmed that securities agents are subject to very specific rules of conduct. In particular, securities industry professionals must advise their broker-dealer of outside business endeavors, including the offer and sale of investment products not previously reviewed or approved by the agent's employing broker-dealer.

The Order a) prohibits Smith and Munson from fraudulently offering and selling securities, b) orders that any Idaho investors be repaid, and c) imposes a civil penalty in the amount of \$1,000 each.

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