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NEWS RELEASE

For Immediate Release

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STATE FINANCE DEPARTMENT OBTAINS JUDGMENTS AGAINST COLORADO COMPANY AND ITS PRESIDENT FOR SECURITIES VIOLATIONS

Boise, Idaho... The Idaho Department of Finance announced the entry of a judgment and permanent injunction in its securities lawsuit against Paramount Financial Group, Inc. and its president, Douglas G. Gregg. The defendants stipulated to the order of judgment and permanent injunction entered by District Judge Cheri C. Copsey of the Fourth District Court in Boise. The judgment comes as a result of a complaint filed by the Department on August 1, 2002 against Paramount, Gregg and a third defendant, J.L. "Rocky" Pfeffer of Woodlands, Texas.

The complaint alleged that the defendants offered and sold securities in the form of a promissory note in a "high yield secured convertible debenture program" issued by Paramount Financial Group, Inc. The securities were not registered in Idaho and the defendants were not registered to sell securities in Idaho.

The complaint also alleged that misrepresentations and omissions of material fact were made in connection with the offer of securities. Among the alleged misrepresentations and omissions were:

- That the debenture program was a safe investment because it was collateralized by the preferred shares of a publicly traded company. The defendants failed to disclose the financial condition of the publicly traded company and the risks associated with such an investment;
- That all filings and registrations had been made with the Securities and Exchange Commission for Paramount Financial Group, Inc. to merge with a publicly traded company. No such filings had been made with the SEC and Paramount Financial Group, Inc. did not become publicly traded;

- That the defendants failed to disclose that Gregg was the subject of a securities related judgment issued by the U.S. District Court, District of Utah, on June 6, 2000.

In the stipulation for judgment, defendants Paramount and Gregg agreed to provide investor restitution of \$51,737.26 and to pay a fine of \$10,000.00 to the Idaho Department of Finance. The Court also ordered that the defendants be permanently enjoined from engaging in any acts, practices or omissions that would constitute violations of the registration and anti-fraud provisions of the Idaho Securities Act.

The third defendant, J.L. Rocky Pfeffer was the subject of a previous judgment handed down by the court on September 5, 2002 wherein he was found to have violated the Idaho Securities Act as alleged in the State's complaint. That judgment permanently enjoined Pfeffer from engaging in future violations of the Idaho Securities Act, and established limitations on his future securities activities. The Court also ordered Pfeffer to pay investor restitution of \$50,000, as well as civil penalties and attorney fees to the State of \$50,000.

The Idaho Department of Finance cautions Idaho residents to make sure that the investments and investment professionals with whom they deal are registered to offer securities in Idaho.

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Department of Finance press releases and other information are available on the Internet via the world wide web at <http://finance.state.id.us> and may be obtained by contacting the Department at (208) 332-8000, or toll-free in Idaho at 1-888-346-3378.