

## **NEWS RELEASE**

For Immediate Release

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### **STATE DEPARTMENT OF FINANCE OBTAINS JUDGMENTS AGAINST IDAHO FALLS RESIDENTS FOR SECURITIES VIOLATIONS**

Court orders restitution and fines; also enjoins purported Florida Trust and Trustee

Boise, Idaho... The Idaho Department of Finance today announced the entry of judgments and permanent injunctions in its civil securities lawsuit against Idaho Falls residents John Lowden and Beverly Rae Bowen. Judgments and injunctions were also entered against NGS Trust, purported to be a trust located in Florida, and its trustee, Kevin Kruger Sutton, Dunnellen, Florida. The case was heard in Seventh District Court in Idaho Falls by District Judge Gregory S. Anderson.

The lawsuit alleged that Lowden, an insurance agent, and Bowen, a real estate agent, solicited Lowden's insurance clients to invest in the NGS Trust program. These clients, all of whom were between the ages of 74 and 91, were told that their money would be pooled with other investors' funds and be traded in an offshore foreign currency trading program. Investors were given promissory notes by which the NGS Trust guaranteed a minimum investment return of 8%, and were told returns of up to 60% were possible. The securities were not registered in Idaho and the defendants were not licensed to sell securities in Idaho. All of the investors lost their entire investment.

The State also alleged that misrepresentations and omissions were made in connection with the securities sales. Among the alleged misrepresentations and omissions are:

- 1) Failing to disclose the risks associated with the NGS Trust investment;
- 2) Failing to provide any financial information about the NGS Trust or any related investment; and
- 3) Claiming investment returns of up to 60% were likely.

Summary judgment was granted to the State against defendant Bowen. The Court found that she had violated the Idaho Securities Act registration

and anti-fraud provisions. A permanent injunction was entered prohibiting future violations of the Idaho Securities Act and limiting future securities activities. A money judgment of \$84,200 was also ordered which includes \$34,200 in investor restitution and \$50,000 in civil penalties to the State.

After trial to the Court, defendant Lowden was found to have violated the registration and anti-fraud provisions of the Idaho Securities Act. A permanent injunction was entered prohibiting future violations of the Idaho Securities Act and limiting future securities activities. Lowden was ordered to make restitution to investors of \$26,430.

Default judgments were entered against defendants NGS Trust and Sutton. The Court found that the defendants had violated the Idaho Securities Act, entered permanent injunctions against them prohibiting future violations of the Idaho Securities Act and limiting future securities activities. A money judgment of \$87,750 was also ordered which includes \$32,750 in investor restitution, \$50,000 in civil penalties to the State and \$5,000 in costs and attorney's fees.

The sale of securities by unlicensed individuals was the number one investment scam in 2002, according to the North American Securities Administrators Association in a release issued last week. The Idaho Department of Finance cautions Idaho residents to make sure that the investments and investment professionals with whom they deal are registered. Investors can contact the Department at (208) 332-8004 or toll free within Idaho at 888-346-3378.

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*Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at <http://finance.state.id.us> and may be obtained by contacting the Department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.*