

NEWS RELEASE

For Immediate Release

September 16, 2002

STATE OBTAINS JUDGMENT AGAINST TEXAS SALESMAN FOR SECURITIES VIOLATIONS

Boise, Idaho... The Idaho Department of Finance today announced that the Honorable Judge Cheri C. Copsey, District Judge of the Fourth Judicial District Court in Boise entered a default judgment and injunctive relief against a Texas securities salesman. J.L. 'Rocky' Pfeffer of The Woodlands, Texas, was a vice president/investor relations representative for Paramount Financial Group, Inc. Paramount, a Colorado corporation and its president, Douglas G. Gregg of Parker, Colorado, are also named in the suit.

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

- 1) 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;
- 2) 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 PFG stock did not become publicly traded; and
- 3) 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 judgment, the Court found that Pfeffer violated the Idaho Securities Act as alleged in the State's complaint. It 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. 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.