



NEWS RELEASE

For Immediate Release

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IDAHO FALLS COIN DEALER SUED FOR ALLEGED PONZI SCHEME
State Says Close To 100 Investors May Be Out More Than \$1.5 Million

Boise, Idaho . . . The Idaho Department of Finance has filed a civil lawsuit in Bonneville County District Court against Idaho Falls resident Gene E. Hinsley and his company, Galaxy Coin, LLC. The complaint alleges violations of the registration and anti-fraud provisions of the Idaho Uniform Securities Act in what appears to be a classic Ponzi scheme.

The department's complaint alleges that the defendants sold more than \$4 million in silver-related securities that promised annualized returns of nearly 80 percent to area investors, and that misrepresentations and omissions of material facts occurred in connection with the securities sales. More specifically, the defendants are alleged to have:

1. misrepresented that the investments were safe or otherwise backed by silver or other precious metals;
2. misrepresented that investors' funds would be applied to the purchase and resale of silver, when significant funds were used to make Ponzi payments to earlier investors and to further the business and personal interests of Hinsley and his family, and
3. failed to disclose that the defendants used falsely inflated bi-monthly investor account statements as a means of keeping investors from asking for their money back, and as a means of luring in new investors through positive word of mouth.

The State's suit seeks a permanent injunction and a court order that investors be repaid, while placing restrictions on the defendants' future business activities. The lawsuit alleges that investors have suffered principal losses of \$1.5 million-\$2.0 million and that the investment program has been going on since at least early 2004.

Department of Finance press releases and a copy of the civil complaint can be found on the Internet via the worldwide web at <http://finance.idaho.gov> and may be obtained by contacting the department at (208) 332-8004 or Idaho toll-free at 1-888-346-3378.

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