

Contact:
Marilyn Scanlan
Bureau Chief
Securities Bureau
(208) 332-8004

NEWS RELEASE

For Immediate Release

April 11, 1997

STATE SUES SEVEN DEFENDANTS FOR INVESTMENT FRAUD

Over \$57 Million Allegedly Invested in Viatical Settlements Scheme

Boise, Idaho . . . Gavin M. Gee, Director of the Idaho Department of Finance, announced today the filing of a civil lawsuit in Fourth District Court in Boise against several firms and individuals alleged to have violated the Idaho Securities Act. The defendants are: PCO, Inc. also known as Personal Choice Opportunities, Palms Springs, California; David W. Laing, president of PCO, Carson City, Nevada; Next Century, Inc., Los Angeles, California; Reparata Mazzola, president of Next Century, Los Angeles, California; M.D. Smith & Co., Englewood, Colorado; Jay L. Wilcox, Twin Falls, Idaho; and, Marlis Kim Harris, Idaho Falls, Idaho.

The five-count complaint alleges that the defendants solicited Idaho residents to purchase securities in the form of loan transactions where money was lent to PCO in order for PCO to purchase the benefits of life insurance policies from terminally ill individuals. These transactions are commonly called viatical settlements. Investors were promised that they would receive a return on their investment of 21-25% per annum.

The complaint alleges that the investment funds were not used to purchase life insurance policies as investors were told. Instead, it appears that a significant portion of funds were diverted to defendants PCO and Laing. An investigation by the California Department of Corporations revealed that over \$57.5 million was taken in from over 1000 investors nationwide between July 1996 and March 20, 1997. The Department of Corporations was unable to uncover any evidence that any valid life insurance policies had been purchased by the defendants.

The complaint also alleges that the securities were not registered in Idaho, that defendants PCO, Laing, Next Century, Mazzola and M.D. Smith & Co. were not licensed to sell securities in Idaho and that material misrepresentations and omissions were made in the course of soliciting Idaho investors. At least three Idaho investors invested approximately \$280,000 in the PCO transactions.

The Department's suit asks the Court to find that the defendants violated the Idaho Securities Act and that they be enjoined from future violations. It further seeks restitution for all Idaho investors and civil penalties.

The Department urges any Idaho residents who invested in the PCO program to contact the Department at (208) 332-8004.

* * * * *