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## **NEWS RELEASE**

For Immediate Release

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### **JUDGMENTS OBTAINED IN DEATH BENEFITS INVESTMENT SCHEME**

Boise, Idaho . . . Gavin M. Gee, Director of the Idaho Department of Finance, announced today that the Honorable D. Duff McKee, District Judge of the Fourth District Court in Boise, has entered judgments against several firms and individuals charged with violating the Idaho Securities Act. Default judgments were entered against 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; and, M.D. Smith & Co., Englewood, Colorado.

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

The complaint further alleged 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. Over 1100 investors nationwide are believed to have invested \$80-100 million in these transactions between July 1996 and March 20, 1997. No evidence that any valid life insurance policies were purchased by the defendants has been uncovered.

The Court's judgment finds that the defendants violated the Idaho Securities Act and permanently enjoins them from future violations. It orders restitution for all Idaho investors and civil penalties of \$10,000 against each defendant.

The case continues against two Idaho salesmen: Jay L. Wilcox, Twin Falls, Idaho and Marlis Kim Harris, Idaho Falls, Idaho.

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

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