



CONTACT:
Jim Burns
Investigations Chief
Securities Bureau
(208) 332-8080

NEWS RELEASE

For Immediate Release

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STATE FINANCE DEPARTMENT FILES SUIT AGAINST IDAHO FUND MANAGER

-- Receiver Sought Based on Allegations of Mismanagement of \$24 million in Investor Funds--

Boise, Idaho . . . The Idaho Department of Finance has filed a civil complaint against Plummer resident Stephen L. Howell, formerly of Boise, for violations of the Idaho securities laws. Also named in the suit are Security Financial Services, Inc., Security Financial Fund, LLC and Security Investors Fund, LLC, all companies owned or managed by Howell. The Department is alleging violations of the anti-fraud provisions of the Idaho Uniform Securities Act in a complaint filed in the First District Court in Benewah County.

The complaint alleges that Howell has been involved in the mortgage brokerage business in Idaho since about 1988. His business initially involved introducing individual investors to individual borrowers to fund single mortgages. In 2004, Howell is alleged to have formed Security Financial Fund, LLC for the purpose of combining investor funds to finance a large pool of loans and mortgages. This was intended to allow Howell more flexibility in the size and type of loans he could place. In 2007, he formed Security Investors Fund, LLC for the same purpose. Howell is believed to have raised approximately \$24 million from investors, most residing in the Boise area.

The Department alleges that Howell defrauded investors by making misrepresentations about his funds' investments, by omitting from the investment solicitations certain material information, and by engaging in a course of business that operated as a fraud or deceit upon other persons. Howell is accused of essentially treating the funds as a personal asset and using the monies and opportunities related to the business transactions of the funds as a means to enrich himself, often contrary to the best interests of the funds and their investors. Specifically, Howell is alleged to have failed to obtain third-party appraisals on properties as required by the fund prospectus; he also is alleged to have made undisclosed loans to individuals and companies that were unable to meet the repayment requirements of such loans. These include loans to a resort property in Wyoming in which he had a personal interest.

It also is alleged that as the manager of the investment funds, Howell made numerous loans to himself and his family on favorable terms; he failed to act on the behalf of investors in foreclosing on properties he owned; he would sit on properties in which Security Financial Fund had a security interest including his personal residence, and make no effort to foreclose and sell the properties to repay the fund.

The Department is asking the court to find that Howell has violated Idaho securities laws, that he be enjoined from further violations, that he be fined \$10,000 for each violation, and that the court award attorney fees. In addition, the Department is asking that a receiver be appointed to take control of all assets owned by Howell as well as the remaining assets of the funds and that the receiver manage such funds for the benefit of the investors.

Department of Finance press releases, a copy of the complaint and other information are available on the Internet at <http://finance.idaho.gov> and may be obtained by contacting the Department at (208) 332-8000, or toll-free in Idaho at 1-888-346-3378.

800 Park Boulevard, Suite 200, 2nd Floor, Boise, ID 83702
Mail To: P.O. Box 83720, Boise ID 83720-0031
Phone: (208) 332-8010 Fax: (208) 332-8097
<http://finance.idaho.gov>