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ARKANSAS SECURITIES COMMISSIONER FILES SUIT AGAINST NICK LYNN TECHNOLOGIES, INC., LENDELL EARL HILLHOUSE, AND JAMES ROBIN PACE

Today, Arkansas Securities Commissioner A. Heath Abshure filed suit in Benton County Circuit Court against Nick Lynn Technologies, Inc., (NLT), Lendell Earl Hillhouse and James Robin Pace alleging securities fraud and registration violations. Abshure seeks to enjoin further violations of law, an accounting of the funds taken in by Hillhouse and Pace, disgorgement of funds back to investors, and fines in an amount equal to the funds taken in by NLT, Hillhouse, and Pace.

According to Abshure's complaint, Hillhouse and Pace, the owners of NLT, used false promises of federal government connections to sell over \$700,000 worth of investment contracts from 2002 to 2006. Hillhouse and Pace told investors purchasing the contracts that NLT was to be a business assisting the government in collecting taxes and making emergency notifications through 911 systems.

In soliciting investors, Hillhouse and Pace projected net income to NLT beginning in 2006 of over \$2.5 billion, rising to over \$5.8 billion by 2010, on revenues of approximately \$5.2 billion in 2006, rising to over \$10.6 billion by 2010. These revenues and sources of revenue were feasible, Hillhouse and Pace falsely told investors, because a host of well known political figures were involved. These political figures included President George W. Bush, former President Bill Clinton, Senator Hillary Clinton, former IRS Commissioner Mark Everson, former Secretary of State James Baker and the Houston law firm, Baker Botts, United States Representative John Bozeman and United States Representative Marion Berry. Hillhouse and Pace told some investors that NLT had a \$1 billion no-interest loan lined up from the IRS and that they had meetings scheduled with the Ways and Means Committee of the United States House of Representatives and a meeting with President Bush. When the meeting with President Bush was always canceled or rescheduled, "Hillhouse and Pace created excuses, which included natural disasters or acts of war that required President Bush's full attention."

"The victims in this matter seem to come from a relatively small, identifiable group making this case similar to the affinity fraud scams that have been increasing in recent years," Abshure stated. Affinity fraud refers to investment scams that prey upon members of identifiable groups, such as religious or ethnic communities, the elderly, or professional groups. "These scams exploit the trust

and friendship that exist in groups of people who have something in common. Because of the tight-knit structure of many groups, it can be difficult for the Arkansas Securities Department to detect the fraud. Victims often fail to notify the Arkansas Securities Department because they feel shame and embarrassment at having been duped by someone that they trusted.” Abshure stated that all potential investors should fully investigate before they invest, no matter who is selling the investment. Abshure promised that the Arkansas Securities Department will continue to have an active enforcement role in these matters. “If you take in money from others based on false promises, you can expect to hear from the Arkansas Securities Department.”

Anyone with any information concerning this case is urged to call Mr. Theodore Holder or Ms. Shannon Underwood at (501) 324-9260 or via the Arkansas Securities Department toll-free number at 800-981 4429.