



Dora
Department of Regulatory Agencies

Division of Securities
Fred J. Joseph
Securities Commissioner

Bill Ritter, Jr.
Governor

D. Rico Munn
Executive
Director

NEWS RELEASE

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Contact: Fred J. Joseph, Securities Commissioner or Gerald Rome,
Deputy Securities Commissioner at (303) 894-2320

GRAND JUNCTION REAL ESTATE COMPANY AND ITS OWNER CHARGED WITH SECURITIES LAW VIOLATIONS

Denver, Colorado --- Colorado Securities Commissioner Fred J. Joseph announced today that he has filed a complaint in Denver District Court and obtained a preliminary injunction against Valley Mortgage, Inc., doing business as Valley Investments, Inc., and its owner, Philip R. Lochmiller, alleging that they are violating the registration provisions of the Colorado Securities Act ("Act"). On May 29, 2009, Denver District Court Judge Herbert L. Stern, III, entered a preliminary injunction, which prohibits the Defendants from offering or selling securities in Colorado and violating the registration, licensing and anti-fraud provisions of the Colorado Securities Act. Judge Stern also appointed the Grand Junction law firm of Rider and Quesenberry, LLLP to act as receiver over the assets of Valley Mortgage, Valley Investments and all related entities, and freezing the assets of those entities.

Valley Mortgage and Lochmiller both use the business address of 1445 North Seventh Street, Grand Junction, Colorado.

In the complaint, the Securities Commissioner has alleged as early as December 2008, Defendants placed advertisements in The Aspen Times, Vail Daily, Summit Daily News, Glenwood Springs Post Independent, and Grand Junction Free Press, for Valley Investments, Inc., promising investors a 12% return on a 24 month term or 10% return on a 12 month term on their investments. The advertisements stated that the investment was not affected by the stock market, was a "solid security" and was secured and recorded on a "Trust Deed" in the investor's name. The advertisement provided the name of Valley Investments, Inc. and the telephone number for Valley

Mortgage, Inc. When investors called the telephone number listed in the advertisement, they talked with Defendant Lochmiller.

The Commissioner further alleged that when investors met with Defendant Lochmiller, he provided them with offering materials in the form of an informational packet containing an overview of the investment. The overview provided to investors characterizes the promissory notes as an investment and requires a minimum investment amount of \$20,000.00.

The Commissioner alleged that Defendants promised to repay the principal of the loans plus simple interest of 12% paid every month or compounded interest of 12%. In enticing investors to invest, Defendant Lochmiller told investors that the investment was secured by a recorded trust deed in the investor's name for individual lots in increments of \$20,000 - \$30,000 at a 50% loan-to-value.

According to the Commissioner's complaint, Defendants failed to register any of the securities in Colorado. The injunction orders the Defendants to stop selling securities in violation of the law. The Defendants have cooperated and agreed to the entry of the injunction and appointment of the receiver by the court.

Commissioner Joseph said "It was important to get a receiver in place here to preserve as much of the remaining assets as possible for investors. But our investigation of this matter will continue."

A copy of the complaint and preliminary injunction can be found at <http://www.dora.state.co.us/securities/enforcement.htm#Injunctions>

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.

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