U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 19462 / November 9, 2005

SECURITIES AND EXCHANGE COMMISSION v. HIGH PARK INVESTMENT GROUP INC., A NEVADA CORPORATION; HARBOR FINANCIAL INVESTMENT GROUP, INC., A NEVADA CORPORATION AND EDWARD R. SHOWALTER, No. SACV05-1090 CJC (MLGx)(C.D.Cal.)

SEC HALTS $10 MILLION DOLLAR ONGOING FRAUD BASED ON FALSE PROMISES OF REAL ESTATE INVESTMENTS

The Securities and Exchange Commission, on November 9, 2005, obtained a temporary restraining order, asset freeze, and other emergency relief to halt a fraudulent real estate scheme run by a San Clemente man and two companies he controls who raised at least $10 million from more than 100 investors nationwide.

The Commission alleges that from approximately December 2003 to the present, Edward R. Showalter, age 53, of San Clemente, California, and two companies that he controls, High Park Investment Group, Inc., a Nevada corporation operating in Gardena, California and Harbor Financial Investment Group, Inc., a Nevada corporation operating in Huntington Beach, California solicited investors in "distressed" properties through advertisements in major newspapers, including the *Los Angeles Times and Orange County Register*.

Showalter had previously been sued in 1998 by the SEC for conducting a similar fraud. A default judgment was entered against him in June 2001, and he was ordered to pay over $900,000, which represented his illegal gains, interest, and penalties.

According to the Commission's complaint, defendants solicited investors to invest a minimum of $50,000 with High Park, on the false promise that they would use that money solely for the purchase and refurbishment of a particular piece of "distressed" real property in Southern California and Arizona. Instead, defendants commingled investor funds and misrepresented that: (1) investors would receive guaranteed monthly returns, even though these payments stopped by July 2005 (and in many instances earlier); (2) the investments would be secured by trust deeds second in priority only to the first mortgage lender, when in fact, the properties are over-encumbered with as many as twenty or thirty investors in the second position, and in some cases trust deeds were never recorded, and (3) each investor's money would be used for purchasing, refurbishing, or developing the property named in the investment contract, when in reality the money was not used to improve the properties as promised. The complaint further alleges that Showalter personally received over $1.8 million from bank accounts that held investor funds.

Acting on the Commission's lawsuit, the Honorable Cormac J. Carney, United States District Judge for the Central District of California, granted the Commission's application for a temporary restraining order against the defendants and issued orders freezing the defendants' assets, appointing a temporary receiver over the assets of High Park and Harbor Financial and requiring them to repatriate assets, prohibiting the destruction of documents by the defendants, and granting expedited discovery. The Court appointed Robb Evans & Associates as the temporary receiver. The Court ordered the temporary restraining order and asset freeze to remain in effect until November 18, 2005, on which date the

Court will hold a hearing on the Commission's motion for a preliminary injunction and appointment of a permanent receiver at 3:30 p. m. In addition to emergency relief, the Commission's complaint seeks from each defendant preliminary and permanent injunctions, disgorgement with prejudgment interest, and civil penalties.

The Commission's complaint alleges that the defendants violated the antifraud provisions of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and the securities registration provisions of Sections 5(a) and 5(c) of the Securities Act.

The Commission acknowledges the assistance of the California Department of Corporations.